

EXAMINATION REPORT OF
EMC NATIONAL LIFE COMPANY
DES MOINES, IOWA
AS OF DECEMBER 31, 2023

Des Moines, Iowa
June 3, 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

EMC NATIONAL LIFE COMPANY

DES MOINES, IOWA

AS OF DECEMBER 31, 2023

with its headquarters at 699 Walnut Street Suite 1100, Des Moines, Iowa.

INTRODUCTION

EMC National Life Company, hereinafter referred to as the “Company”, was last examined as of December 31, 2018, by the Iowa Insurance Division.

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2019, to the close of business on December 31, 2023, 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 (“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 incorporated as a stock life insurance company with perpetual existence on August 1, 1962, under the name of Employers Life Company. The name Employers Modern Life Company was adopted by amendment to the Articles of Incorporation on January 3, 1964.

Employers Mutual Casualty Company purchased all 250,000 outstanding common shares, effective December 31, 1991, from EMC Insurance Group for \$15,500,000 and became the Company's sole shareholder.

On March 10, 1998, at the annual meeting of the stockholders, the stockholders agreed to sell 25 percent of the shares of stock of the Company to Hamilton Mutual Insurance Company of Cincinnati, Ohio.

On March 12, 2003, the Board of Directors of National Travelers Life Mutual Holding Company (NTLMHC), National Travelers Life Company (NTL), Employers Modern Life Company (EML), Employers Mutual Casualty Company (EMCC), and Hamilton Mutual Insurance Company (HMIC), unanimously approved an Agreement and Plan of Merger. The merger combined NTL with EML with the surviving entity called EMC National Life Company. NTLMHC remains a mutual holding company and continues to operate independently but was renamed EMC National Life Mutual Holding Company (MHC). In the merger, NTLMHC's wholly owned subsidiary, National Travelers Company (an Iowa Stock Company) changed names to EMC National Company. As a result of the merger, EMC National Company has 51% of the voting control of EMC National Life Company, EMCC has 36.75% and HMIC has 12.25%. The merger was effective July 1, 2003.

During 2008, EMCC acquired HMIC's 12.25% interest in the class A common stock and its 25% interest in the class B common stock of EMC National Life Company.

On May 14, 2009, the Board of Directors approved the dissolution of EMC National Company. As a result of the dissolution, MHC has 51% of the voting control of EMC National Life Company and EMCC has 49%.

CAPTIAL STOCK AND DIVIDENDS TO STOCKHOLDERS

As a result of the merger, all of the Company's outstanding common stock was exchanged for the two new classes of the Company's stock. Under this restructuring, the aggregate number of shares of stock which the Company is authorized to issue is 1,000,000 shares consisting of two classes of stock. Of the total authorized stock, 750,000 shares are designated as Class A Voting Common Stock, par value \$10 per share, and 250,000 shares are designated as Class B Non-Voting Cumulative Common Stock, par value \$100 per share. There are 500,000 shares of Class A Voting stock and 66,667 shares of Class B Non-Voting stock issued and outstanding. At December 31, 2023, MHC owned 51% (255,000 shares) and EMCC owned 49% (245,000 shares) of the Class A Voting stock. EMCC owns 100% of the Class B Non-Voting Cumulative Common Stock.

The Class B Non-Voting Common Stockholders are entitled to receive, if declared by the Board of Directors, cumulative dividends. Dividends on the Class B Non-Voting Common Stock, including any prior declared but unpaid dividends, must be paid before any dividends for the same period are declared or paid with respect to Class A Voting Common Stock. After payment of the cumulative dividend on the Class B Non-Voting Common Stock, each share of Class A Voting Stock and Class B Non-Voting Common Stock share equally in dividends declared by the Board of Directors.

As of December 31, 2023, the Company had 500,000 shares of non-voting, redeemable preferred stock authorized, and 240,000 issued and outstanding with a par value of \$100. The Company may, at its option, redeem the shares at any time in whole or in part, at a cash redemption price of \$100 per share, plus any and all unpaid dividends. Each share is entitled to receive cumulative cash or non-cash dividends at an amount equal to \$4.60 per share per annum, plus has the potential to receive a non-cumulative variable rate dividend that is agreed to by the holders of stock, the Company and the Iowa Insurance Division.

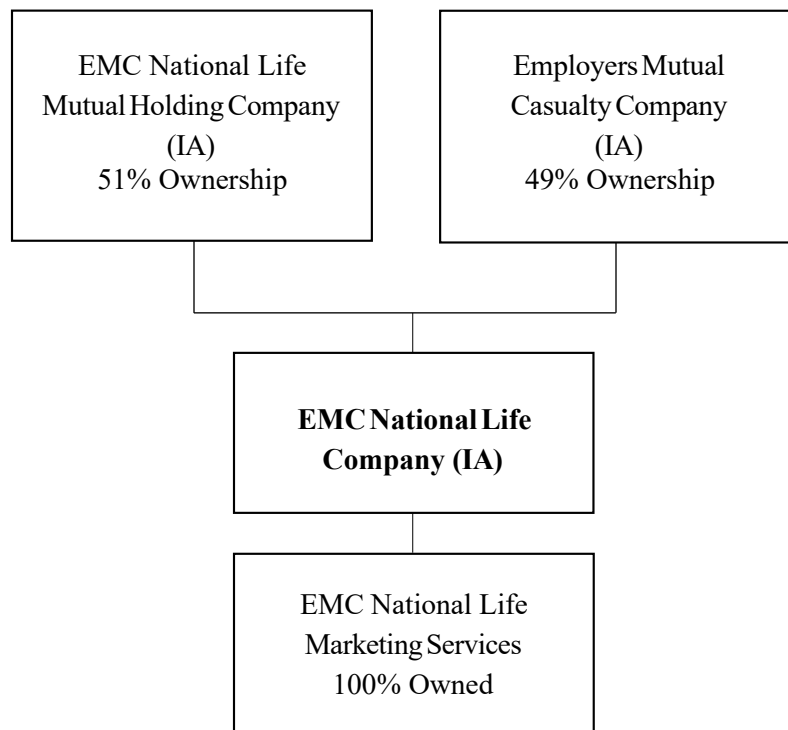
Preferred stock dividends paid to EMCC during the examination period were as follows:

<u>Year</u>	<u>Dividends Paid</u>
2019	\$ 966,000
2020	552,000
2021	552,000
2022	552,000
2023	552,000

INSURANCE HOLDING COMPANY SYSTEM

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

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



MANAGEMENT AND CONTROL

SHAREHOLDERS

The regular annual meeting of the shareholders shall be held during the months of March, April or May of each year or at such other time as shall be fixed by the Chief Executive Officer or the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may become before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Iowa, such meeting shall be held on the next succeeding business day.

If the election of the directors shall not be held on the day so designated for the annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as conveniently may be.

Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chief Executive Officer or the Board of Directors, and shall be called by the Chief Executive Officer at the request of the holders of not less than ten percent (10%) of all outstanding shares of voting stock of the corporation entitled to vote at the meeting.

The holders of a majority of the issued and outstanding shares of voting stock of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders, except as may be otherwise provided by the Act or by the Corporation's Amended and Substituted Articles of Incorporation.

Except as otherwise provided by law, the Amended and Substituted Articles of Incorporation or the Bylaws, each issued and outstanding share of voting stock of the Corporation shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if a consent or consents in writing, setting forth the action(s) so taken, shall be signed by all the shareholders entitled to vote with respect to the subject matter thereof.

BOARD OF DIRECTORS

The Amended and Substituted Articles of Incorporation prescribe that all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation managed by or under the direction of, the Board of Directors, which shall consist of not less than five (5) nor more than twenty-one (21) members, with the exact number of directors and their term(s) of office being set forth in or determined in accordance with the Bylaws of the corporation.

Directors shall be elected for three-year (3-year) terms and, as nearly as may be, one-third (1/3) thereof shall be elected annually.

A regular meeting of the Board of Directors shall be held without other notice than the Bylaws immediately after, and at the same place as, the annual meeting of the shareholders. Additional regular meetings of the Board of Directors, if any, shall be held on call of the Chief Executive Officer or the Executive Committee at such time and place within or without the State of Iowa and upon such notice as he, she or it shall determine.

Special meetings of the Board of Directors may be called by the Chief Executive Officer or by the Executive Committee and shall be called by such officer or such committee at the request of any five of the directors, at such place within or without the State of Iowa, and on such time and date, as the Chief Executive Officer or the Executive Committee shall determine.

The First Amendment to the Amended and Substituted Articles of Incorporation prescribes that at no time shall persons who are or have been employed by or have served or are serving on the Board of Directors of Employers Mutual Casualty Company, its subsidiaries or affiliates, comprise more than one-third (1/3) of the membership of the Board of Directors, if there are six or more directors.

At no time shall persons who are or have been employed by or have served or are serving on the Board of Directors of Employers Mutual Casualty Company, its subsidiaries or affiliates, comprise one-half (1/2) or more of the membership of the Board of Directors, if there are five or fewer directors.

Directors serving at December 31, 2023, were as follows:

<u>Name and Address</u>	<u>Principal Business Affiliation</u>	<u>Term Expires</u>
Christopher D. Fraizer** Ankeny, Iowa	President and Chief Operating Officer EMC National Life Company	2024
Kevin J. Krause Des Moines, Iowa	Partner and Chief Financial Officer BPPE Management Company/BE Real Estate Group	2024
Todd A. Strother* Ankeny, Iowa	Executive Vice President, Chief Legal Officer Employers Mutual Casualty Company	2025
Lauren L. Burgeson Des Moines, Iowa	Executive Vice President Iowa State Bank	2026
Denise D. Sturm ¹ Ankeny, Iowa	Executive Vice President, Chief Financial Officer Altarum	2026

*Chairman

**Vice-Chairman

¹Denise Sturm was elected on February 9, 2023, to replace Raymond Davis who completed his term in May 2023.

COMMITTEES

The Bylaws provide that the Board of Directors, by resolution adopted by a majority of the full Board of Directors, shall, at its regular annual meeting, designate an Executive Committee and a Nominating Committee, and may at such meeting, or from time to time, designate such other committees, with such name or names as it may determine. The appointment of any such committee and the delegation thereto of authority shall not relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it, or the member, by law.

The Executive Committee shall have authority to exercise the powers of the Board of Directors when it is not in session except for certain stated duties. All committees shall consist of three or more directors. The Chief Executive Officer shall be a member and chairman of the Executive Committee; and may be a member of any other committee.

The membership of the various committees as of December 31, 2023 was as follows:

Executive Committee

Todd A. Strother, Chair
Chris D. Frazier
Kevin J. Krause

Nominating Committee

Lauren L. Burgeson, Chair
Todd A. Strother
Chris D. Frazier

Audit Committee

Kevin J. Krause, Chair
Lauren L. Burgeson
Denise D. Sturm

Compensation Committee

Kevin J. Krause, Chair
Lauren L. Burgeson
Todd A. Strother

Investment Committee

Lauren L. Burgeson, Chair
Chris D. Frazier
Kevin J. Krause

OFFICERS

The Bylaws provide the executive officers of the corporation shall be a Chairman, a Vice Chairman, a President, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, a Secretary, a Treasurer and a General Counsel, each of whom shall be elected by the Board of Directors.

Any executive office, except that of President, one Vice President, Treasurer, and Secretary, may be left unfilled, as the Board of Directors may, from time to time, determine.

Any two or more offices may be held by the same person except the offices of President and Secretary.

The Board of Directors may elect or appoint one or more resident vice presidents, a controller and any assistant officers it may deem necessary.

The principal elected officers serving at December 31, 2023, were as follows:

<u>Name</u>	<u>Title</u>
Todd A. Strother	Chief Executive Officer
Chris D. Frazier	President and Chief Operating Officer
Cameron S. Torstenson ¹	Executive Vice President, Chief Marketing Officer
Mark J. DeVries	Senior Vice President, Chief Financial Officer, Treasurer & Chief Actuary
Kevin R. Lund	Senior Vice President, Chief Technology Officer
Paul R. Rivard	Senior Vice President, Chief Risk and Experience Officer
Steven C. Brown	Vice President, Underwriting and Claims
Michelle M. Struck	Vice President, Operations & Corporate Secretary
Sandra K. Struthers	Assistant Vice President, Controller & Assistant Treasurer
Doug S. Van Zanten	Deputy General Counsel

¹Cameron Torstenson departed the Company in 2024, and the position of Chief Marketing Officer was removed.

The compensation for the above officers is shown in Exhibit A to be found immediately following the signature page of this report.

CONFLICT OF INTEREST

The Company has an established procedure for the 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 persons. 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 conflict of interest statements completed by the Company's officers and directors for each year of the period covered by this examination. The Company was unable to provide evidence that conflict of interest statements were completed by the Board of Directors in 2019. The Company was also unable to provide evidence that conflict of interest statements were reviewed and approved for each year covered by this examination. The examiners review did not identify any disclosures that were determined to present a material conflict of interest.

CORPORATE RECORDS

The minutes of the meetings of the shareholders, board of directors, and committees of the board were reviewed for the examination period. The minutes appeared to be complete and were found to be properly attested.

The Examination Report as of December 31, 2018, prepared by the Iowa Insurance Division was accepted at the Audit Committee meeting held on November 12, 2020.

On May 25, 2021, the Articles of Incorporation were amended to change the date of the annual meeting to the third Wednesday in May of each year.

The Bylaws were not amended or restated during the examination period.

FIDELITY BONDS AND OTHER INSURANCE

The Company is protected by a Financial Institution Bond up to a single loss limit of \$3,000,000, which meets the NAIC recommended minimum amount. This policy as well as the other insurance coverages in place appear to adequately protect the interests of the Company.

EMPLOYEE WELFARE

The Company provides qualified employees with retirement and group life and disability income benefits on a noncontributory basis. Group health and dental insurance benefits and group accidental death and dismemberment indemnity are provided on a contributory basis. The employee may contribute to a 401(k)-stock deferral plan wherein the Company will match a portion of the employee's contribution.

Additionally, the Company makes a provision for paid time off and holidays, flexible hours, and tuition assistance programs.

INTERCOMPANY AGREEMENTS

EMCC provides certain management, legal, operational and administrative services to the Company necessary for the conduct of its business pursuant to a Services Agreement. Services are performed on a cost-allocation basis.

The Company has an investment management agreement with EMCC. Under the agreement, EMCC is appointed and authorized to be an investment manager for the Company and to act for the Company with respect to acquisition, retention, management and disposition of all assets the Company may put under the supervision of EMCC. On January 1, 2019, the agreement was amended to change the method of reimbursement from cost allocation to an asset-based fee.

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.

Life - Assumed

The Company participates in the Servicemen's Group Life Insurance (SGLI) pool.

The Company assumed 55.90% of the risks of a block of various universal life and traditional life plans in force with the exception of Alabama risks, as of January 1, 1999, from an unaffiliated company under a modified coinsurance agreement. The Company is the administrator for this assumed business through an administrative services agreement.

Effective July 1, 1999, the Company automatically assumes from an unaffiliated company 50% quota share from first dollar, new issues of a 20 Year Level Term to Age 70 Plan, along with an accelerated death benefit rider. This agreement is on the coinsurance plan and provides that the amount issued on any case ceded automatically shall not exceed \$100,000. Excesses over automatic amounts or amounts the ceding company prefers not to cede automatically may be ceded on a facultative basis.

Life - Ceded

Excess universal life writings over the Company's desired retention are ceded automatically to reinsurers. All agreements are on the yearly renewable term plan and provide for automatic cessions of up to \$1,000,000 per life provided the Company retains its maximum retention of \$250,000. Excesses over automatic amounts or amounts the Company prefers not to cede automatically may be ceded on a facultative basis.

Except for one case, group life insurance with premium waiver is ceded 100 percent in excess of the Company's retention of \$50,000. There are also accidental death and dismemberment benefits that are ceded 100 percent in excess of the Company's retention of \$25,000. The maximum amount of insurance issued to an individual with evidence of insurability is \$500,000. Amounts over \$500,000 the Company may cede on a facultative basis up to \$1,000,000.

For one case of group life insurance, the Company retains 50% quota share of the first \$100,000 of Basic & Supplemental Group Life per insured; reinsurer accepts 50% quota share of the first \$100,000 and 100% in excess of \$100,000. For that case, the Company also retains 50% quota share of the first \$50,000 of Basic & Supplemental Group AD&D per insured; reinsurer accepts 50% quota share of the first \$50,000 and 100% in excess of \$50,000.

Effective May 1, 2003, the Company entered into an automatic first dollar quota share coinsurance agreement with a reinsurer. Value term plans are ceded for 80 percent up to a maximum of \$100,000 Company retention and 100 percent for amounts in excess of the Company's retention up to \$2,000,000. Amounts in excess of the Company's retention may be ceded on a facultative basis.

Effective November 18, 2005, a coinsurance treaty covering increasing whole life plans, insured term riders and paid up additions riders was placed in effect with two reinsurers. The Company retains 50% of the first dollar up to a maximum of \$250,000 while the remaining 50% and amounts exceeding retention are split equally between the two reinsurers.

Effective December 1, 2006, the Company entered into an automatic first dollar quota share coinsurance agreement with a reinsurer. The Critical Illness Version 3 Product is 50 percent ceded up to a maximum of \$100,000 Company retention. Amounts in excess of the Company's retention may be ceded on a facultative basis.

The Company entered into two reinsurance agreements with one reinsurer for their Ultra Value term plans, effective April 1, 2007. The first was an automatic YRT treaty on 10 and 15-year term plans whereby the Company retains 20%, not to exceed \$100,000, and cedes the remaining 80% on a first dollar quota share basis up to an automatic issue maximum of \$1,000,000. The second was a coinsurance treaty on 20 and 30-year term plans whereby the Company retains 20%, not to exceed \$100,000, and cedes the remaining 80% on a first dollar quota share basis up to an automatic issue of \$500,000.

Effective June 1, 2009, the Company entered into two reinsurance agreements with a different reinsurer for their Ultra Value term plans. The first was an automatic YRT treaty on 10 and 15-year term plans whereby the Company retains 20%, not to exceed \$100,000, and cedes the remaining 80% on a first dollar quota share basis up to an automatic issue maximum of \$1,000,000. The second was a coinsurance treaty on 20 and 30-year term plans whereby the Company retains 20%, not to exceed \$50,000, and cedes the remaining 80% on a first dollar quota share basis up to an automatic issue of \$500,000.

The treaties referenced in the paragraph above were amended effective December 1, 2009 for the new product EMCNL Term. There were no changes to retention or anything else mentioned in the paragraph above.

Effective September 1, 2009, the Company entered into a reinsurance agreement with a reinsurer for their Instant Issue term plans. The treaty was coinsurance whereby the Company retains 50%, not to exceed \$100,000, and cedes the remaining 50% on a first dollar quota share basis up to an automatic issue of \$250,000.

Effective November 1, 2011, the Company entered into two reinsurance agreements with two different reinsurers for their Term Select 2011 plans. One reinsurer assumed 80% of the ceded amounts and the other reinsurer

20%. The treaty was a coinsurance treaty whereby the Company retains 20%, not to exceed \$100,000, and cedes the remaining 80% on a first dollar quota share basis up to an automatic issue of \$2,000,000.

Effective June 1, 2014, the Company entered into a reinsurance agreement with one reinsurer for its Term Select 2014 plans. The treaty was a coinsurance treaty whereby the Company retains 20%, not to exceed \$100,000, and cedes the remaining 80% on a first dollar quota share basis up to an automatic issue of \$2,000,000.

Effective January 1, 2017, the Company entered into two reinsurance agreements with two different reinsurers for their Term Select 2017 plans. Each reinsurer assumed 50% of the ceded amounts. The treaty was a coinsurance treaty whereby the Company retains 20%, not to exceed \$100,000, and cedes the remaining 80% on a first dollar quota share basis up to an automatic issue of \$2,000,000.

Effective March 1, 2018, the Company entered into a reinsurance agreement with one reinsurer for their Accelerated Term plans. The treaty was a coinsurance treaty whereby the Company retains 20%, not to exceed \$100,000, and cedes the remaining 80% on a first dollar quota share basis up to an automatic issue of \$2,000,000.

Effective December 1, 2020, the Company entered into a reinsurance agreement with one reinsurer for their level term plans, death benefit rider for terminal illness, and additional insured term rider. The treaty was a coinsurance treaty whereby the Company retains 20%, not to exceed \$100,000 and cedes the remaining 80% on a first dollar quota share basis up to an automatic issue of \$2,000,000.

Effective December 1, 2020, the Company entered into a reinsurance agreement with one reinsurer for their universal life plan. The treaty was an automatic yearly renewable term treaty whereby the Company retains 20%, not to exceed \$250,000 and cedes the remaining 50% on a first dollar quota share basis up to an automatic issue maximum of \$3,500,000.

Effective November 1, 2023, the Company entered into a reinsurance agreement with one reinsurer for their Easy Whole Life and Graded Death Benefit Whole Life plans. The treaty was a coinsurance treaty whereby the Company retains 15%, not to exceed \$250,000 and cedes the remaining 85% on a first dollar quota share basis up to an automatic issue maximum of \$1,000,000.

The Company has other contracts with policies in force under which new cessions are not being made.

Accident and Health - Ceded

On July 1, 2009, the Company entered into an agreement for the purpose of selling its cancer block of business. The agreement ceded 100% of the business on a coinsurance basis. The reinsurer has gone through a process state by state to make the reinsurance assumption reinsurance which, when successful in particular states, has the effect of removing the business fully from the Company's books.

On January 1, 2011, the Company entered into an agreement for the purpose of selling its miscellaneous health business, which was made up of primarily disability income policies but also included a number of other health coverages. The agreement ceded 100% of the business on a coinsurance basis. The reinsurer has gone through a process state by state to make the reinsurance assumption reinsurance which, when successful in particular states, has the effect of removing the business fully from the Company's books.

STATUTORY DEPOSIT

As of December 31, 2023, the book/adjusted carrying value of securities held as special deposits in Arkansas, Florida, Georgia, Massachusetts, New Mexico, North Carolina, South Carolina, and Guam totaled \$1,743,256.

The book/adjusted carrying value of securities held in deposit for the benefit of all policyholders totaled \$747,965,958 as of December 31, 2023.

TERRITORY AND PLAN OF OPERATION

The Company is authorized to transact business in 48 states, except New Jersey and New York, as well as the District of Columbia.

The Company focuses on the sale of individual life products including term, whole life, final expense; and accelerated term, whole life, and universal life. The Company sells workplace products including term and whole life. In 2020, the Company discontinued sales of annuities. The Company exited the group line of business and there have been no renewals after February 2024.

The Company's products are sold by 5,013 appointed agents, 990 of which are contracted P&C agents (contracted with both EMCC and the Company) and 595 are contracted life agents (contracted with the Company but not with EMCC).

GROWTH OF COMPANY

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

(000's omitted)

<u>Year</u>	<u>Admitted Assets</u>	<u>Capital and Surplus</u>	<u>Life Premiums</u>	<u>Annuity Premiums</u>	<u>A&H Premiums</u>	<u>Life Insurance In Force</u>
2023	\$771,477	\$104,996	\$51,153	\$ 2,811	\$292	\$15,707,363
2022	814,013	100,042	49,685	5,581	319	14,763,838
2021	844,862	106,543	41,165	6,074	333	14,488,683
2020	871,576	105,681	39,826	7,418	327	14,325,451
2019	886,518	104,611	40,936	14,822	474	13,958,721

ACCOUNTS AND RECORDS

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

During the course of the examination, no material aggregate surplus difference was identified from the amount reflected in the financial statements, as presented in the annual statement at December 31, 2023.

SUBSEQUENT EVENTS

No significant subsequent events were noted during the examination.

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, 2023.

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	<u>Ledger</u>	<u>Not Admitted</u>	<u>Admitted</u>
Bonds	\$ 556,457,357	\$	\$ 556,457,375
Stocks			
Preferred stocks	6,861,226		6,861,226
Common stocks	21,341,576		21,341,576
Mortgage loans on real estate			
First liens	72,750,500		72,750,500
Cash	17,311,372		17,311,372
Contract loans	16,126,458		16,126,458
Other invested assets	14,301,394	70,044	14,231,350
Investment income due and accrued	6,393,503		6,393,503
Premiums and considerations:			
Uncollected premiums and agents' balances	6,868,773	813,049	6,055,724
Deferred premiums, agents' balances and installments booked but deferred	17,526,092		17,526,092
Reinsurance:			
Amounts recoverable from reinsurers	844,427	235,945	608,482
Other amounts receivable under reinsurance	239,441		239,441
Current federal and foreign income tax recoverable and interest thereon	282,035		282,035
Net deferred tax asset	4,414,662		4,414,662
Guaranty funds receivable or on deposit	420,388		420,388
Electronic data processing equipment and software	1,410,195	1,397,908	12,288
Furniture and equipment, including health care delivery assets	5,777	5,777	0
Net adjustment in assets and liabilities due to foreign exchange rates	1,555		1,555
Receivables from parent, subsidiaries and affiliates	17,043		17,043
Aggregate write-ins for other-than-invested assets	34,751,277	4,325,459	30,425,818
	<u>\$ 778,325,068</u>	<u>\$ 6,848,181</u>	<u>\$ 771,476,887</u>
Total assets			

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$ 616,879,798
Aggregate reserve for accident and health contracts	639,829
Liability for deposit-type contracts	10,823,319
Contract claims:	
Life	6,772,867
Accident and health	44,336
Policyholders' dividends/refunds to members and coupons	813
Provision for policyholders' dividends, refunds to members and coupons payable	
policyholders' dividends and refunds to members apportioned for payment	125,229
Premiums and annuity considerations for life and accident and health contracts received in advance	105,200
Commissions to agents due or accrued-life and annuity contracts, accident and health	243,867
General expenses due or accrued	2,072,049
Taxes, licenses and fees due or accrued, excluding federal income taxes	1,038,977
Unearned investment income	578,863
Amounts withheld or retained by reporting entity as agent or trustee	15,209,511
Amounts held for agents' account, including agents' credit balances	253
Remittances and items not allocated	18,478
Miscellaneous liabilities:	
Asset valuation reserve	9,104,854
Payable to parent, subsidiaries and affiliates	556,432
Aggregate write-ins for liabilities	2,266,576
	<hr/>
Total liabilities	\$ 666,481,251
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Common capital stock	\$ 11,666,700
Preferred capital stock	12,000,000
Gross paid in and contributed surplus	34,830,042
Aggregate write-ins for special surplus funds	7,307,216
Unassigned funds (surplus)	39,191,676
	<hr/>
Surplus	\$ 104,995,634
	<hr/>
Total liabilities and surplus	\$ 771,476,887
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SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and health contracts	\$ 54,256,355
Net investment income	30,716,406
Amortization of Interest Maintenance Reserve	(736,868)
Commissions and expense allowances on reinsurance ceded	2,102,676
Aggregate write-ins for miscellaneous income	<u>787,724</u>
 Total	 \$ 87,126,292
 Death Benefits	 \$ 33,694,568
Matured endowments	41,580
Annuity benefits	11,801,639
Disability benefits and benefits under accident and health contracts	209,239
Surrender benefits and withdrawals for life contracts	56,297,221
Group conversions	30,483
Interest and adjustments on contract or deposit-type contract funds	498,374
Payments on supplementary contracts with life contingencies	365,685
Increase in aggregate reserves for life and accident and health contracts	<u>(47,458,240)</u>
 Total	 \$ 55,480,549
 Commissions on premiums, annuity considerations, and deposit-type contract funds	 \$ 12,679,717
Commissions and expense allowances on reinsurance assumed	40,306
General insurance expenses and fraternal expenses	14,999,992
Insurance taxes, licenses and fees, excluding federal income taxes	2,144,946
Increase in loading on deferred and uncollected premiums	1,486,357
Aggregate write-ins for deductions	<u>(190,719)</u>
 Total	 86,641,149
 Net gain from operations before dividends to policyholders, refunds to members and before federal income taxes	 \$ 485,144
Dividends to policyholders and refunds to members	<u>122,172</u>
Net gain from operations after dividends to policyholders, refunds to members and Before federal income taxes	 \$ 362,972
Federal and foreign income taxes incurred	<u>337,734</u>
Net gain from operations after dividends to policyholders, refunds to members and Federal income taxes and before realized capital gains or (losses)	 \$ 25,238
Net realized capital gains	<u>142,944</u>
Net income	<u>\$ 168,182</u>

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus, December 31, 2022	<u>\$ 100,042,071</u>
Net income	\$ 168,182
Change in net unrealized capital gains (losses)	1,197,348
Change in net unrealized foreign exchange capital gains	71,283
Change in net deferred income tax	1,073,025
Change in nonadmitted assets	6,740,550
Change in asset valuation reserve	(242,433)
Dividends to stockholders	(552,000)
Aggregate write-ins for gains and losses in surplus	<u>(3,502,391)</u>
Net change in capital and surplus for year	<u>\$ 4,953,563</u>
Capital and surplus, December 31, 2023	<u>\$ 104,995,634</u>

CASH FLOW STATEMENT

Cash from Operations

Premiums collected net of reinsurance	\$ 54,289,017	
Net investment income	32,518,761	
Miscellaneous income	<u>780,924</u>	
Total		<u>\$ 87,588,702</u>
Benefit and loss related payments	\$ 103,254,415	
Commissions, expenses paid and aggregate write-ins for deductions	27,440,100	
Dividends paid to policyholders	126,936	
Federal and foreign income taxes paid net of capital gains (losses)	<u>86,915</u>	
Total		<u>\$ 130,908,366</u>
Net cash from operations		<u>\$ (43,319,663)</u>

Cash from Investments

Proceeds from investments sold, matured or repaid:		
Bonds	\$ 73,699,616	
Stocks	8,636,539	
Mortgage loans	<u>723,922</u>	
Total investment proceeds		\$ 83,060,076
Cost of investments acquired (long-term only):		
Bonds	\$ 17,884,371	
Stocks	4,502,009	
Mortgage loans	12,750	
Other invested assets	<u>107,037</u>	
Total investments acquired		<u>\$ 22,506,166</u>
Net increase / (decrease) in contract loans and premium notes		<u>(60,590)</u>
Net cash from investments		<u>\$ 60,614,499</u>

Cash from Financing and Miscellaneous Sources

Net deposits on deposit-type contracts and other insurance liabilities	\$ (1,331,640)	
Dividends to stockholders	552,000	
Other cash provided (applied)	<u>(7,091,664)</u>	
Net cash from financing and miscellaneous sources		<u>\$ (8,975,304)</u>

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Net gain in cash and short-term investments	\$ 8,319,533
Cash and short-term investments:	
Beginning of year	<u>8,991,840</u>
End of year	<u>\$ 17,311,372</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, and information specialists and actuarial specialists from Risk & Regulatory Consulting, LLC participated in the examination and the preparation of this report.

Respectfully submitted,

/s/ Bob Wong

Bob Wong, CFE
Examiner-in-Charge
Iowa Insurance Division
State of Iowa