

EXAMINATION REPORT OF
SYMETRA LIFE INSURANCE COMPANY
WEST DES MOINES, IOWA
AS OF DECEMBER 31, 2020

West Des Moines, Iowa
May 4, 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

SYMETRA LIFE INSURANCE COMPANY

WEST DES MOINES, IOWA

AS OF DECEMBER 31, 2020

at its Statutory Home Office, 4125 Westown Parkway, Suite 102, West Des Moines, Iowa.

INTRODUCTION

Symetra Life Insurance Company, hereinafter referred to as the “Company”, was last examined as of December 31, 2015. The examination reported herein was conducted as an examination of an insurance holding company group by the contracting firm, Risk & Regulatory Consulting, LLC. The Company’s subsidiaries, Symetra National Life Insurance Company, Symetra Reinsurance Corporation, and First Symetra National Life Insurance Company of New York, were also examined as part of the holding company group, with a separate examination report prepared for each entity.

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2016, to 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.

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

HISTORY

The Company's was incorporated as General Life Company of America under the laws of the State of Washington on January 23, 1957, and commenced business on April 5, 1957. Through subsequent amendments to the Articles of Incorporation, the following changes were made:

1959 – The Company name was changed to LIFECO Insurance Company of America.

1964 – The Company name was changed to Safeco Life Insurance Company. Safeco Life Insurance Company was part of Safeco Life and Investments, which was one of the main business lines of Safeco Corporation.

2004 – On August 2, 2004, a private investor group led by White Mountains Insurance Group, Ltd. and Berkshire Hathaway Inc. acquired Safeco Life and Investments from Safeco Corporation through an acquisition vehicle, Occum Acquisition Corp. Symetra Financial Corporation (“Symetra Financial” or “SFC”) was the resulting incorporated holding company entity formed, which wholly owns the Company, and the Company's name was changed to Symetra Life Insurance Company.

2010 – Symetra Financial became a public company and was traded on the New York Stock Exchange under the stock symbol SYA, until its acquisition by Sumitomo Life Insurance Company (“Sumitomo Life”) on February 1, 2016.

2014 – On July 1, 2014, the Company redomesticated from Washington to the State of Iowa following regulatory approvals from the Washington State Office of the Insurance Commissioner and Iowa Insurance Division. Articles of Incorporation for the Company were filed with the Iowa Secretary of State and approved by the Iowa Insurance Commissioner.

2016 – On February 1, 2016, pursuant to the Agreement and Plan of Merger, dated August 11, 2015, by and among Symetra Financial, Sumitomo Life, a mutual company (*sougo kaisha*) organized under the laws of Japan and SLIC Financial Corporation, a Delaware corporation and wholly owned subsidiary of Sumitomo Life, SLIC Financial Corporation merged with and into Symetra Financial, with Symetra Financial surviving as a wholly owned subsidiary of Sumitomo Life.

CAPITAL STOCK AND DIVIDENDS THEREON

The aggregate number of shares of stock the Company is authorized to issue is 20,000 shares of \$250 par value common stock. Issued and outstanding capital stock, as of December 31, 2020, consists of 20,000 shares with \$5,000,000 in common capital stock and \$963,960,292 in gross paid in and contributed surplus.

On November 28, 2018, a cash contribution of \$25,000,000 was paid by the Company to First Symetra National Life Insurance Company of New York. Also, the Company paid cash contributions of \$10 million and \$17 million to Symetra Reinsurance Corporation on March 26, 2019, and December 28, 2020, respectively. On December 22, 2020, the Company received a cash contribution of \$300,000,000 from Symetra Financial Corporation.

The Company paid the following dividends to Symetra Financial Corporation, its parent, during the examination period:

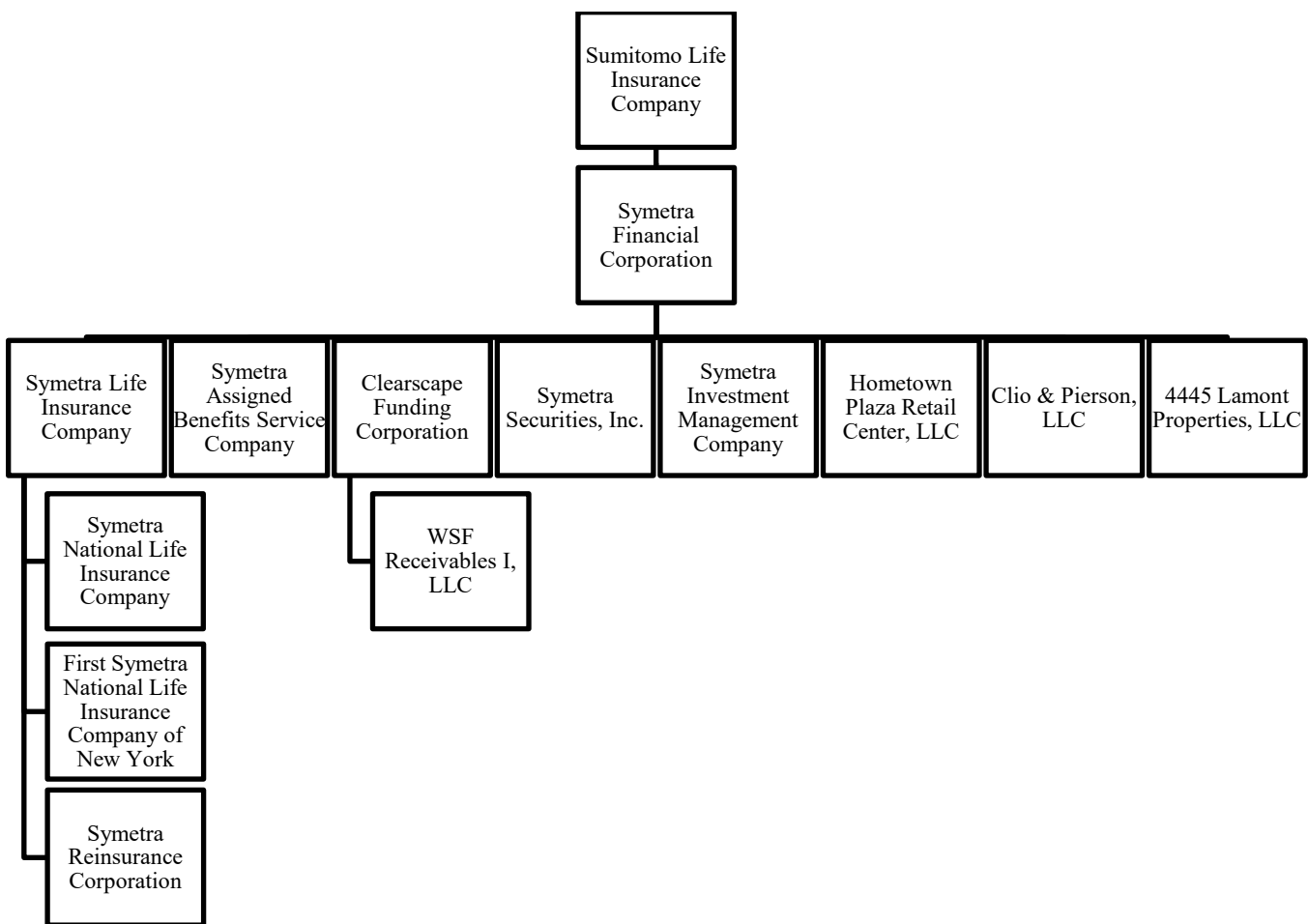
- 2016 - \$80 million
- 2017 - \$50 million
- 2018 - \$50 million
- 2019 - \$0
- 2020 - \$0

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of an Insurance Holding Company System as defined by Chapter 521A, Code of Iowa, and is a wholly owned subsidiary of Symetra Financial Corporation, a Delaware corporation. The Company’s ultimate parent is Sumitomo Life Insurance Company, a mutual life insurance company in Japan.

Symetra Financial Corporation is a financial services company in the life insurance industry that offers an array of employee benefits, annuities, and life insurance products through its direct and indirect subsidiaries.

An organizational chart identifying the companies within the Holding Company System is as follows:



MANAGEMENT AND CONTROL

SHAREHOLDERS

The annual meeting of the shareholders of the Company for the election of directors to succeed those whose terms expire, and for the transaction of such other business as may properly come before the meeting, shall be held at 1:30 o'clock in the afternoon on the last business day of April of each year or on such other day as may be designated by the President or the Board of Directors at the principal executive office of the Company, or at such place as may be designated by the President or 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, may be held at any time upon the call of 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 times 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 (10) days nor more than sixty (60) days before the date of the meeting to each shareholder entitled to vote at such meeting. Notice may be communicated in person, by mail, or other method of delivery, or by telephone, voice mail, or other electronic means (e.g. electronic mail). Notice of any shareholders' meeting may be waived in writing by any shareholder at any time, either before or after the meeting. The waiver must be in writing, signed by the shareholder entitled to the notice, and be delivered to the Company for inclusion in the minutes or filing with the corporate records. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting.

A shareholders' meeting, duly called, can be organized for the transaction of business whenever a quorum is present. The presence, in person or by proxy, of the holders of a majority of the voting power of all shareholders shall constitute a quorum; and the shareholders present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Each holder of stock shall at all times and for all purposes be entitled to one vote for each share of stock then of record in his name on the books of the Company. Every shareholder shall have the right to cast his vote either in person or by proxy. All voting at shareholders' meetings shall be viva voce, unless any qualified voter shall demand a vote by ballot. In the case of voting by ballot, each ballot shall state the name of the shareholder voting, the number of shares owned by him, and, in addition, if such vote be cast by proxy, it shall also state the name of the proxy.

BOARD OF DIRECTORS

The Bylaws provide that the business affairs of the corporation shall be managed by a Board of not less than five (5) nor more than twenty-one (21) directors, as set forth from time to time by resolution of the Board of Directors, which directors need not be shareholders of the Company.

The directors shall be elected by the shareholders at each annual shareholders' meeting to hold office until the next annual shareholders' meeting and until their respective successors are elected and qualified or until his or her death, resignation or removal. In the event of failure to hold an election of directors at any annual shareholders' meeting, or in the event of failure to hold any annual shareholders' meeting as provided in the bylaws, election of directors may be held at a special meeting of the shareholders called for that purpose.

A majority of the members of the Board of Directors shall be necessary to constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting from time to time and the same may be held

without further notice. When a quorum is present at any meeting, a majority vote of the members in attendance thereat shall decide any question brought before such meeting. Except as otherwise provided by law, vacancies in the Board of Directors, whether caused by resignation, removal, death or otherwise, may be filled by a majority of the remaining directors attending any regular meeting of the Board, or any special meeting, if the notice of such special meeting indicates that filling such vacancy is a purpose of the meeting (even though less than a quorum is present), or by the shareholders at any regular meeting of shareholders or at any special meeting called for that purpose. A director thus elected to fill any vacancy shall hold office for the unexpired term of the director's predecessor, and until the director's successor is elected and qualified.

The first meeting of each newly elected Board of Directors shall be known as the annual meeting thereof. Notice of such meeting need not be given. Regular meetings of the Board of Directors shall be held at such place and at such times as the Board of Directors shall fix and determine from time to time. 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. Any and all business may be transacted at a special meeting that may be transacted at a regular meeting of the Board.

No director is required to be an officer, employee, or shareholder of the Company or, unless otherwise required by Iowa insurance laws, to be a resident of the State of Iowa. A director shall not be required to manage the Company as his or her sole and exclusive function, and he or she may have other business interests and engage in activities in addition to those relating to the Company. Neither the Company, the shareholders, nor any other director shall have any right, by virtue of the bylaws, to share or participate in such other investments or activities of the directors, or in the income or proceeds derived therefrom.

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

<u>Name and Address</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Margaret A. Meister Kirkland, WA	President Symetra Life Insurance Company	2021
Tommie D. Brooks Kirkland, WA	Executive Vice President, Chief Financial Officer Symetra Life Insurance Company	2021
Mark E. Hunt Bloomfield, CT	Executive Vice President, Chief Investment Officer Symetra Life Insurance Company	2021
Muneo Sasagawa Bellevue, WA	Senior Business Liaison II Sumitomo Life Insurance Company	2021
Tetsuya Sho Bellevue, WA	Senior Business Liaison II Sumitomo Life Insurance Company	2021
Jon S. Stenberg Big Stone City, SD	Executive Vice President - Life Division Symetra Life Insurance Company	2021
Jacqueline M. Veneziani Seattle, WA	Senior Vice President, General Counsel & Secretary Symetra Life Insurance Company	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 the Company is required to have its own audit committee under the National Association of Insurance Commissioners' 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, Symetra Financial, to serve on the Audit Committee.

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 unless in accordance with a formula or method, or within limits, prescribed by the Board of Directors; (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 of the Company or on any of its committees; provided, however, in the absence or disqualification of a member of a committee, the member or members present at a meeting and not disqualified from voting may unanimously appoint another director to act in place of the absent director; or (d) adopt, amend or repeal bylaws. 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.

SFC's Board of Directors are primarily responsible for governance and oversight of the Company's executive management and business operations. The SFC Board of Directors consists of six members from Sumitomo Life, the Company's chief executive officer, and five independent members. The size and composition of SFC's Board of Directors is reviewed to ensure that its members provide a sufficient but manageable level of diversity of opinion, independence, range of experience, and expertise.

The SFC Board of Directors has four standing committees that assist it in discharging its duties including: Audit, Compensation, Finance, and Nominating & Governance.

The committees and their membership as of December 31, 2020, are as follows:

Audit Committee

Sander M. Levy¹, Chairperson
Sally Jewell¹
Robert R. Lusardi¹
Muneo Sasagawa
Robert Wolfe¹

Compensation Committee

Robert Wolfe¹, Chairperson
Takeshi Eimori
Sally Jewell¹
Sander M. Levy¹
Robert R. Lusardi¹
Muneo Sasagawa
Shin Umehara

Finance Committee

Robert R. Lusardi¹, Chairperson
Kohei Hashimoto
Sally Jewell¹
Sander M. Levy¹
Thomas Marra¹
Margaret Meister
Tetsuya Sho
Shin Umehara
Robert Wolfe¹

Nominating & Governance Committee

Sally Jewell¹, Chairperson
Takeshi Eimori
Sander M. Levy¹
Robert R. Lusardi¹
Tetsuya Sho
Keisuke Uchiyama
Robert Wolfe¹

¹ Denotes independent board member

OFFICERS

The officers of the corporation shall be a President, one or more Vice Presidents, a Secretary, one or more Assistant Secretaries, a Treasurer, and one or more Assistant Treasurers, all of whom shall be elected by the Board of Directors to hold office for the term for which they are elected and until their successors are elected and qualified. Unless otherwise provided in the resolution of the Board of Directors electing an officer, the term of office of each officer shall extend to and expire at the meeting of the Board following the next annual meeting of shareholders. None of the officers of the corporation, except the President, needs be a director. Any two or more of the corporate officers may be combined in one person.

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

<u>Name</u>	<u>Title</u>
Margaret A. Meister	President
Tommie D. Brooks	Executive Vice President, Chief Financial Officer
Colleen M. Murphy	Senior Vice President, Treasurer
Jacqueline M. Veneziani	Senior Vice President, General Counsel & Secretary
Mark E. Hunt	Executive Vice President, Chief Investment Officer
Harry S. Monti Jr.	Executive Vice President - Benefits Division
Jon S. Stenberg	Executive Vice President - Life Division
Wesley W. Severin	Executive Vice President - Retirement
Chantel L. Balkovetz	Executive Vice President - Service and Operations
Joel C. Kneisley	Senior Vice President, Chief Information Officer
Anne-Marie Diouf	Senior Vice President, Chief Human Resources Officer
Trinity E. Parker	Senior Vice President - Marketing, Communication and Public Affairs

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

CONFLICT OF INTEREST STATEMENTS

The Company has a formal Code of Business Conduct policy and has implemented policies and procedures for disclosure and reporting of conflicts of interest in compliance with the Code of Business Conduct policy. The Code of Business Conduct policy applies to all directors, officers, and employees. All covered persons are required to complete a Certificate of Acknowledgement, Compliance and Disclosure form. Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the SFC Board of Directors or the Audit Committee.

CORPORATE RECORDS

There were no amendments to the Company's Articles of Incorporation or Bylaws during the examination period.

The minutes from the meetings of the shareholders, the Board of Directors and the committees of the Board were reviewed for the examination period.

The Examination Report prepared by the Iowa Insurance Division, as of December 31, 2015, was accepted as presented at the Board meeting held on June 1, 2017.

RELATED PARTY AGREEMENTS

Administrative Services Agreement

The Company entered into an Administrative Services Agreement with First Symetra National Life Insurance Company of New York, its wholly owned subsidiary, whereby the Company charges for rent, corporate overhead, data processing systems, payroll, benefits, and other miscellaneous charges and are included in investment income and general insurance expenses in the summary of operations.

Allocation of Payment of Federal Income Taxes Agreement

The Company entered into an Allocation of Payment of Federal Income Taxes Agreement with its affiliates under common ownership with Symetra Financial Corporation, whereby the parties elect to file a consolidated federal income tax return and allocate federal income tax payments. The method of allocation between the companies is subject to written agreement and is based upon separate return calculations, except that current credit for tax credits and net operating loss carryforwards are determined on the basis of the consolidated group.

Intercompany Short-Term Borrowing Agreement

The Company entered into an Intercompany Short-Term Borrowing Agreement with its affiliates under common ownership with Symetra Financial Corporation, whereby the agreement provides for a short-term borrowing capacity amongst affiliates with specified guidelines and limits.

Investment Management Agreement

The Company entered into an Investment Management Agreement with its affiliate, Symetra Investment Management Company, a subsidiary of Symetra Financial Corporation. The agreement provides for investment advisory services related to the Company's invested assets.

Services and Shared Expenses Agreement

The Company entered into a Services and Shared Expenses Agreement with its affiliates under common ownership with Symetra Financial Corporation, whereby the parties each agree to provide and receive from each other certain general services (related to sharing common management, personnel, and facilities) and to share the expenses thereof. These expenses include charges for rent, corporate overhead, data processing systems, payroll, benefits, and other miscellaneous charges and are included in investment and general insurance expenses in the summary of operations.

Transaction Agreement

The Company is party to a Transaction Agreement by and among the Company, the Company's affiliate Symetra Reinsurance Corporation, Cascadia, LLC, Hannover Life Reassurance Company of America (Bermuda), Ltd., and Hannover Life Reassurance Company of America. The Transaction Agreement was entered into in connection with the coinsurance funds withheld reinsurance agreement between the Company and Symetra Reinsurance Corporation, whereby the Company cedes all net policy liabilities related to a block of universal life insurance policies with secondary guarantees issued on or before December 31, 2014. The Transaction Agreement specifies that the liabilities ceded under the coinsurance funds withheld agreement will be funded by funds withheld assets retained by the Company, and a variable funding note issued by Cascadia, LLC. The Transaction Agreement provides for financing up to \$107.2 million of the Company's AXXX reserves related to the block of universal life insurance policies with secondary guarantees. The operation of Symetra Reinsurance Corporation is governed by a Plan of Operation, as amended, on file with the Iowa Insurance Division.

FIDELITY BONDS AND OTHER INSURANCE

The Company and its affiliates were protected by a financial institution bond that covers all employees. The coverage limits for a single loss of liability for insuring clauses were \$20,000,000 per loss with a \$3,000,000 deductible and a shared aggregate loss limit of \$40,000,000. The coverage met the NAIC's stated suggested minimum amount of coverage.

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

EMPLOYEES' WELFARE

The Company compensates employees and executive officers through a combination of base salary, annual cash-based incentive compensation and long-term cash-based incentive compensation.

The Company offers employee benefits to all eligible employees. Benefits include comprehensive medical, dental, vision, life and accidental death and dismemberment, disability program benefits, and long-term care plans. The same benefits are offered to all employees, except for Executive Financial Counseling Services, which is only available to executive officers.

The Company sponsors a defined 401(k) contribution plan for all eligible participants that includes matching a participant's contributions up to 6% of eligible compensation.

REINSURANCE

ASSUMED

The following summarizes the Company's assumed reinsurance coverage by line of business:

Group Benefits

Effective January 1, 2018, the Company entered into an individual and aggregate stop loss quota share reinsurance agreement. Under this agreement, the Company assumes medical stop-loss business underwritten by Medical Risk Managers on a first-dollar quota share basis. The Company's maximum reinsurance limit on this treaty is a 30% quota share up to \$1,500,000 individual and \$5,000,000 aggregate losses.

Individual Life

Effective December 1, 2001, the Company entered into a coinsurance with funds withheld reinsurance agreement. Under this agreement, the Company assumed a block of Bank Owned Life Insurance, with initial premium of \$175,000,000 and a quota share of 28.57143%.

CEDED

The Company uses reinsurance across its businesses to spread risk and limit losses. The Company remains liable to its policyholders to the extent that counterparties to reinsurance contracts do not meet their obligations. The following summarizes the Company's reinsurance coverage by division and line of business:

Group Benefits

Medical Stop-Loss

Effective January 1, 2019, the Company entered into a coinsurance funds withheld arrangement. Under this agreement, the Company cedes a 40% quota share of Individual Excess Risk policies sold to employer self-funded groups, excluding any policies sold to employer self-funded groups that utilize level funding methods. This agreement covers most of the Company's in-force medical stop-loss policies, as well as new policies issued subsequent to January 1, 2019. The Company manages the assets backing the statutory reserves on a funds withheld basis to manage its risk-based capital position on most of its stop-loss policies.

Effective October 1, 2018, the Company entered into a subsequent excess of loss reinsurance arrangement. Starting in 2020, the Company reinsures the excess of \$3,000,000 per individual claim and the agreement covered policies written or renewed through September 30, 2022, with the reinsurer remaining liable for losses on a run-off basis; previously, the Company reinsured \$2,500,000 per individual claim and agreement covered policies written or renewed through September 30, 2020, with the reinsurer remaining liable for losses on a run-off basis.

Group Life & Disability Income

Effective June 26, 2016, the Company entered into an indemnity reinsurance agreement. Under this agreement, the Company reinsures morbidity risk in excess of \$8,000 of gross monthly benefit per life. This agreement contains a provision allowing for the reinsurer to accept business in excess of the automatic acceptance limits on a facultative basis.

Effective January 1, 2014, the Company entered into a group life, accidental death and dismemberment and accidental death carve out reinsurance agreement. Starting in 2019, the Company primarily reinsures group life mortality risk in excess of \$350,000 per individual and line of coverage; previously, the Company primarily reinsured in excess of \$250,000 per individual and line of coverage. The Company also has catastrophic coverage for group life policies.

Retirement

Deferred Annuities

Effective October 1, 2017, the Company entered into an indemnity reinsurance agreement. Under this agreement, the Company cedes a 75% quota share of the net amount at risk relating to contract surrenders for blocks of fixed deferred and fixed indexed annuities with a Guaranteed Return of Purchase Payment feature issued on or after January 1, 2017.

Income Annuities

Effective July 1, 2018, the Company entered into a modified coinsurance agreement with a Bermuda domiciled Class E life insurance company. Under this agreement, the Company cedes a 100% quota-share of its legacy income annuities business, primarily in-force blocks of structured settlement annuities, deferred income annuities and single premium immediate annuities issued by the Company on or prior to September 30, 2017. The transaction reduced the Company's exposure to long-term interest rate risk associated with the long-tailed nature of the reinsured business as the Company ceded \$5.7 billion of its in-force block of income annuities, consisting of life contingent annuities of \$4.0 billion and non-life contingent annuities of \$1.7 billion. Under terms of the agreement, the Company continues to service the reinsured business and hold the associated invested assets and policyholder liabilities on its balance sheets.

Individual Life

Effective October 1, 2014, the Company entered into a coinsurance funds withheld reinsurance agreement with Symetra Reinsurance Corporation, its wholly owned limited purpose subsidiary. Under this agreement, The Company cedes all net policy liabilities related to a block of universal life insurance policies with secondary guarantees issued on or before December 31, 2014. The related reinsurance reserve credit taken was \$248.5 million and the balance of funds withheld was \$191.6 million as of December 31, 2020.

The Company reinsures portions of its risk associated with its universal life, term life, Bank Owned Life Insurance, and variable Company Owned Life Insurance products. Coverage under these reinsurance agreements varies by product, policy issue year and issue age of insured. For fully underwritten policies issued subsequent to April 2017, the Company retains up to a maximum of \$5,000,000 per life. For fully underwritten policies issued between March 2013 and April 2017, the Company retains up to a maximum of \$3,000,000 per life.

Effective April 1, 2018, the Company entered into a coinsurance with funds withheld reinsurance agreement. Under this agreement, the Company cedes a 100% quota share of the excess of statutory over economic reserves (e.g., reserve financing) related to a block of universal life insurance policies with secondary guarantees issued between 2014 and 2017. The Company manages the assets backing the statutory reserves on a funds withheld basis. Concurrent with this agreement, the Company entered into an excess of loss reinsurance agreement with Symetra National Life Insurance Company, its wholly owned subsidiary. Under the terms of this agreement, the Company cedes death claims from the reinsured policies that exceed 110% and up to a maximum of 800% of expected claims. The maximum detachment point reduces to 200% over the subsequent 25 years at a rate of 24 percentage points per year.

Effective September 17, 2018, the Company entered into an indemnity reinsurance agreement. This is a yearly renewable term (“YRT”) reinsurance agreement covering the Term 2018 product (as well as policies that converted from Term 2018 to universal life). Under this agreement, the Company cedes 60% of the face amount above \$1,000,000 per policy, and 100% in excess of stated retention limits, to a reinsurance pool consisting of three reinsurers.

Effective October 1, 2019, the Company entered into a coinsurance with funds withheld and yearly renewable term agreement. Under the terms of this agreement, the Company cedes a 25% quota share of a block of universal life insurance policies with secondary guarantees issued on or prior to December 31, 2019, and a 75% quota share on a yearly renewable term basis. This agreement covers all in-force and new universal life policies issued with premier riders issued before December 31, 2019, and not subject to the existing captive arrangement. The Company manages the assets backing the statutory reserves on a funds withheld basis.

STATUTORY DEPOSIT FOR LEGAL RESERVE

The book/adjusted carrying value of securities and assets, backing the Company’s legal reserve, and vested to the Commissioner of the Iowa Insurance Division for the benefit of all policyholders, totaled \$31,862,708,012.

TERRITORY AND PLAN OF OPERATION

The Company was authorized to transact business in the District of Columbia, Puerto Rico, and all other states except New York as of December 31, 2020.

The Company offers products and services that serve the retirement, employment-based benefits, and life insurance markets. These products and services are marketed through financial institutions, broker-dealers, financial professionals, independent agents, and benefits consultants. The Company’s principal products include fixed deferred annuities and fixed indexed annuities, registered index-linked annuities, single premium immediate

annuities, medical stop-loss insurance, group life and disability income insurance, absence management, group voluntary benefits (accident, critical illness, hospital indemnity) and group fixed-payment medical insurance, term life insurance, universal life insurance, including indexed universal life insurance, and institutional life insurance, including bank-owned life insurance and variable corporate owned life insurance.

GROWTH OF COMPANY

The following information was obtained from the office copies of the annual statements.

<u>Year</u>	<u>Admitted Assets</u>	<u>Capital and Surplus</u>	<u>Premium and Annuity Income</u>	<u>Net Income</u>	<u>Investment Income</u>
2016	\$34,289,243,454	\$2,082,383,954	\$4,421,768,855	\$ 43,379,740	\$1,179,730,484
2017	36,482,771,553	2,218,910,267	4,116,221,229	267,848,609	1,239,845,023
2018	37,859,874,158	2,126,566,314	268,701,769	(118,677,000)	1,260,157,349
2019	42,241,900,005	2,141,618,222	4,138,516,765	170,617,332	1,331,779,526
2020	44,263,442,344	2,316,070,109	4,233,988,469	(59,769,691)	1,105,481,192

ACCOUNTS AND RECORDS

Trial balances were prepared for all years of the examination period. Amounts from the general ledger accounts were reconciled and found to agree with balances reported on the filed annual statements for assets, liabilities, income, or disbursements.

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 as of December 31, 2020.

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: Except as otherwise stated, the financial statements immediately following reflect only the transactions for the period ending December 31, 2020, and the assets and liabilities as of this date. Schedules may not add or tie precisely due to rounding.

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	<u>Ledger</u>	Not <u>Admitted</u>	<u>Admitted</u>
Bonds	\$ 28,488,918,279	\$ -	\$ 28,488,918,279
Stocks:			
Preferred stocks	102,580,616	-	102,580,616
Common stocks	333,634,291	-	333,634,291
Mortgage loans on real estate:			
First liens	6,440,101,885	-	6,440,101,885
Cash and cash equivalents	1,025,550,776	-	1,025,550,776
Contract loans	62,752,763	-	62,752,763
Derivatives	243,126,673	-	243,126,673
Other invested assets	420,940,740	-	420,940,740
Receivables for securities	50,865,728	-	50,865,728
Investment income due and accrued	269,303,789	-	269,303,789
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	(63,196,587)	3,984,057	(67,180,644)
Deferred premiums booked and not yet due	32,126,334	-	32,126,334
Reinsurance ceded:			
Amounts recoverable from reinsurers	82,635,983	2,352,209	80,283,774
Funds held by or deposited with reinsured companies	105,275,427	-	105,275,427
Other amounts receivable under reinsurance contracts	37,127,980	-	37,127,980
Amounts receivable relating to uninsured plans	225,198	-	225,198
Current federal and foreign income tax recoverable And interest thereon	8,897,394	-	8,897,394
Net deferred tax asset	189,104,656	78,171,395	110,933,261
Guaranty funds receivable or on deposit	1,463,258	-	1,463,258
Electronic data processing equipment and software	20,099,887	20,099,887	-
Furniture and equipment	4,256,964	4,256,964	-
Receivables from parent, subsidiaries, and affiliates	721,939	-	721,939
Aggregate write-ins for other than invested assets	24,345,928	24,345,928	-
Total assets excluding separate accounts	37,880,859,901	133,210,440	37,747,649,461
From separate accounts	<u>6,515,792,883</u>	<u>-</u>	<u>6,515,792,883</u>
 Total assets	 <u>\$ 44,396,652,784</u>	 <u>\$ 133,210,440</u>	 <u>\$ 44,263,442,344</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$ 29,328,794,278
Aggregate reserve for accident and health contracts	197,589,489
Liability for deposit-type contracts	3,436,371,333
Contract claims:	
Life	61,403,741
Accident and health	128,011,191
Premiums and annuity considerations for life and accident and health contracts received in advance	4,720,270
Provision for experience rating refunds	4,461,894
Other amounts payable on reinsurance	18,050,452
Interest maintenance reserve	330,916,173
Commissions to agents due or accrued-life and annuity and accident and health contracts	32,815,962
General expenses due or accrued	70,674,154
Transfers to Separate Accounts due to accrued allowances recognized in reserves, net of reinsured allowances	(9,410,986)
Taxes, licenses, and fees due or accrued, excluding federal income taxes	5,776,250
Unearned investment income	1,050,395
Amounts withheld or retained by reporting entity as agent or trustee	21,729,129
Amounts held for agents accounts	52,456
Remittances and items not allocated	61,497,495
Miscellaneous liabilities:	
Asset valuation reserve	386,359,726
Funds held under reinsurance treaties with unauthorized and certified reinsurers	525,823,230
Payable to parent, subsidiaries, and affiliates	26,242,229
Liability for amounts held under uninsured plans	2,924
Funds held under coinsurance	270,075,591
Derivatives	33,538,284
Payable for securities	146,230,724
Aggregate write-ins for liabilities	525,410,829
From separate accounts statement	<u>6,339,185,022</u>
 Total liabilities	 <u>\$ 41,947,372,235</u>
 Common capital stock	 \$ 5,000,000
Gross paid-in and contributed surplus	963,960,292
Unassigned funds (surplus)	<u>1,347,109,817</u>
 Capital and surplus	 <u>\$ 2,316,070,109</u>
 Total liabilities and surplus	 <u>\$ 44,263,442,344</u>

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	\$ 4,233,988,467
Net investment income	1,105,481,192
Amortization of Interest Maintenance Reserve	40,200,016
Separate Accounts net gain from operations excluding unrealized gains or losses	35,749,445
Commissions and expense allowances on reinsurance ceded	52,107,163
Reserve adjustments on reinsurance ceded	(39,842,379)
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	69,749,535
Aggregate write-ins from miscellaneous income	<u>24,972,576</u>
 Total	 \$ 5,522,406,015
 Death benefits	 \$ 284,262,748
Matured endowments	94,205
Annuity benefits	352,953,998
Disability benefits and benefits under accident and health contracts	433,211,709
Surrender benefits and withdrawals for life contracts	2,532,523,824
Interest and adjustments on contract or deposit-type contract funds	125,282,550
Increase in aggregate reserves for life and accident and health contracts	<u>1,253,258,357</u>
 Total	 \$ 4,981,587,391
 Commissions on premiums, annuity considerations, and deposit-type contract funds	 357,835,219
Commission and expense allowances on reinsurance assumed	745,235
General insurance expenses and fraternal expenses	392,990,100
Insurance taxes, licenses, and fees, excluding federal income taxes	54,595,560
Increase in loading on deferred and uncollected premiums	918,734
Net transfers to or (from) Separate Accounts net of reinsurance	96,363,485
Aggregate write-ins for deductions	<u>29,108,243</u>
 Total	 \$ 5,914,143,967
 Net gain from operations before dividends to policyholders, refunds to members and before federal income taxes	 \$ (391,737,952)
Dividends to policyholders and refunds to members	<u>3,284</u>
Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes	\$ (391,741,236)
Federal and foreign income taxes incurred	<u>(125,804,075)</u>
Net gain from operations after dividends to policyholders, refunds to members and Federal income taxes and before realized capital gains or (losses)	\$ (265,937,161)
Net realized capital gains (losses)	<u>206,167,470</u>
Net income	<u>\$ (59,769,691)</u>

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus, December 31, 2019	<u>\$2,141,618,222</u>
Net income	\$ (59,769,691)
Change in net unrealized capital gains (losses)	26,359,602
Change in net unrealized foreign exchange capital gain (loss)	2,408,059
Change in net deferred income tax	7,229,771
Change in nonadmitted assets	(20,048,719)
Change in reserve on account of change in valuation basis	(16,378,733)
Change in asset valuation reserve	(35,210,214)
Surplus withdrawn from Separate Accounts during period	5,427,604
Other changes in surplus in Separate Accounts Statement	(4,930,164)
Cumulative effect of changes in accounting principles	(30,635,628)
Surplus adjustment:	
Paid in	<u>300,000,000</u>
Net change in capital and surplus for the year	<u>\$ 174,451,887</u>
Capital and surplus, December 31, 2020	<u>\$2,316,070,109</u>

CASH FLOW STATEMENT

Cash from Operations

Premiums collected net of reinsurance	\$ 4,214,401,931	
Net investment income	1,443,298,111	
Miscellaneous income	<u>130,522,155</u>	
Total		\$ 5,788,222,197
Benefit and loss related payments	\$ 3,908,939,877	
Net transfers to separate accounts, segregated accounts and protected cell accounts	83,000,561	
Commissions, expenses paid and aggregate write-ins	799,605,275	
Dividends to policyholders	3,284	
Federal income taxes paid (recovered)	<u>(28,425,941)</u>	
Total		<u>\$ 4,763,123,056</u>
Net cash from operations		<u>\$ 1,025,099,141</u>

Cash from Investments

Proceeds from investments sold, matured, or repaid:		
Bonds	\$ 4,411,673,831	
Stocks	107,024,780	
Mortgage loans	473,155,254	
Other invested assets	2,108,000	
Miscellaneous proceeds	<u>371,404,434</u>	
Total investment proceeds		\$ 5,365,366,299
Cost of investments acquired (long-term only):		
Bonds	\$ 5,478,807,943	
Stocks	127,636,212	
Mortgage loans	675,307,706	
Other invested assets	77,162,294	
Miscellaneous applications	<u>461,140,684</u>	
Total investments acquired		<u>\$ 6,820,054,839</u>
Net increase (decrease) in contract loans and premium notes		<u>\$ 12,680,349</u>
Net cash from investments		<u>\$ (1,467,368,888)</u>

Cash from Financing and Miscellaneous Sources

Capital and paid in surplus, less treasury stock	\$ 300,000,000	
Net deposits on deposit-type contracts and other insurance liabilities	280,009,725	
Other cash provided (applied)	<u>275,414,390</u>	
Net cash from financing and miscellaneous sources		<u>\$ 855,424,115</u>

RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Net change in cash, cash equivalents and short-term investments	\$ 413,154,368
Cash, cash equivalents and short-term investments:	
Beginning of year	<u>612,396,408</u>
End of period	<u>\$ 1,025,550,776</u>

CONCLUSION

The cooperation and assistance extended by the officers and employees of the Company is hereby acknowledged.

In addition to the undersigned, Jan Moenck, CFE, Darin Benck, CFE, CPA, CIA, David Crandall, CFE, CPA, CIA, Alan Griffith, CFE, CPA, Daniel Judge, CFE, Edward Toy, Patricia Matson, FSA, MAAA, Andy Rarus, ASA, MAAA, and Gerald Stein, FSA, MAAA, of Risk & Regulatory Consulting, LLC, participated in the examination and preparation of this report.

Respectfully submitted,

/s/ Joshua J. Johnson
Joshua J. Johnson, CFE
Examiner in Charge
Risk & Regulatory Consulting, LLC
On behalf of the Iowa Insurance Division

/s/ Daniel Mathis
Daniel Mathis, CFE
Chief Examiner
Iowa Insurance Division