

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Anthem Life Insurance Company)
220 Virginia Avenue)
Indianapolis, Indiana 46204)

Examination of: **Anthem Life Insurance Company**

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Anthem Life Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 31, 2019, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Anthem Life Insurance Company shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

June 13, 2019 _____
Date Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7005 3110 0002 4444 0571

STATE OF INDIANA)
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COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
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Anthem Life Insurance Company)
220 Virginia Avenue)
Indianapolis, Indiana 46204)

Examination of: **Anthem Life Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Anthem Life Insurance Company (hereinafter "Company") for the time period January 1, 2014 through December 31, 2017.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on May 9, 2019.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on May 31, 2019 and was received by the Company on June 3, 2019.

The Company did not file any objections.

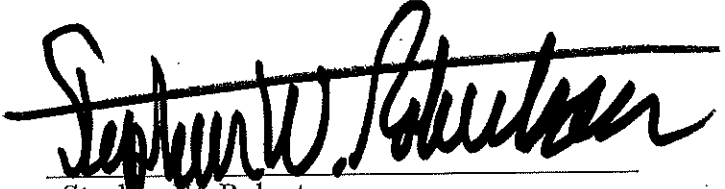
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Anthem Life Insurance Company as of December 31, 2017.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Anthem Life Insurance Company to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 13 day of
June, 2019.


Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

[Handwritten signature]

E. [unclear]

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

ANTHEM LIFE INSURANCE COMPANY

NAIC Co. CODE 61069
NAIC GROUP CODE 0671

As of

December 31, 2017

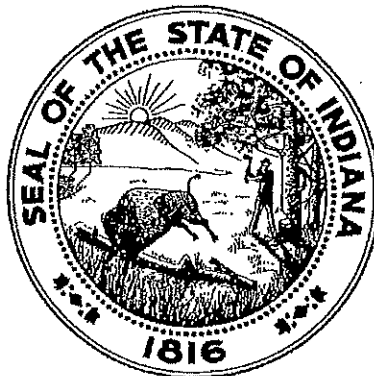


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Stephen W. Robertson, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/idoi

May 9, 2019

Honorable Stephen W. Robertson, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3960, an examination has been made of the affairs and financial condition of:

**Anthem Life Insurance Company
220 Virginia Avenue
Indianapolis, Indiana 46204**

hereinafter referred to as the "Company", or "ALIC", an Indiana domestic stock, life, accident, and health insurance company. The examination was conducted at the corporate offices of the Company in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2017, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2413 COMPANY COMPLIANCE 317-232-3495 CONSUMER SERVICES 317-232-2395/1-800-622-4461 FINANCIAL SERVICES 317-232-2390 MEDICAL MALPRACTICE 317-232-2402 COMPANY RECORDS 317-232-5692 STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI), and covered the period from January 1, 2009 through December 31, 2013. The present risk focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2014 through December 31, 2017, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, 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.

The examinations of the Indiana domestic insurance companies of Anthem, Inc. were called by INDOI in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The INDOI served as the lead state on the examination. The AZ, CA, CO, CT, DC, GA, IA, KY, LA, MD, ME, MO, MS, NJ, NM, NV, NY, OH, OK, TX, VA, WA, WI, and WV Departments of Insurance accepted the invitation to participate on the coordinated examination of the Anthem Group, serving in the capacity of participating states. There were several other insurers within the holding company system that did not participate in this coordinated examination due to various reasons including having been recently examined, having been recently acquired, and the desire to stay on their current exam cycles, and similar other reasons.

Mark Alberts, FSA, MAAA, of Alberts Actuarial Consulting, LLC and Kirk Braunius, ASA, MAAA, of Merlinos & Associates, Inc. provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2017.

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, as in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

HISTORY

ALIC was incorporated under the laws of the state of Indiana on June 10, 1953, as a stock, life, accident and health insurer under the name of Associates Life Insurance Company. On December 31, 2000, Rocky Mountain Life Insurance Company and Anthem Life Insurance Company of California were merged into the Company, and ALIC's present name was adopted at that time. On December 27, 2006, the Company became a wholly-owned subsidiary of Rocky Mountain Hospital and Medical Services, Inc. (RMHMS) upon the transfer of its common stock from Anthem Midwest, LLC. RMHMS was a wholly-owned, indirect subsidiary of WellPoint, Inc. (WLP).

On December 3, 2014, WLP changed its name back to Anthem, Inc. (Anthem) and began trading under the new ticker symbol ANTM on the New York Stock Exchange.

CAPITAL AND SURPLUS

RMHMS owned 100% of the Company's issued and outstanding stock throughout the examination period. There were 5,452,599 authorized shares of common stock with a par value of \$1 per share and 3,267,547 shares issued and outstanding throughout the examination period. In addition, during the examination period, the Company had 1,000,000 shares of \$6.75 per share par value preferred stock authorized with no shares issued and outstanding.

DIVIDENDS TO STOCKHOLDERS

The Company paid the following dividends, to RMHMS, during the examination period:

Year	Total	Ordinary Dividends	Extraordinary Dividends
2017	\$ -	\$ -	\$ -
2016	18,900,000	18,900,000	-
2015	34,300,000	34,300,000	-
2014	48,100,000	48,100,000	-
Total	<u>\$101,300,000</u>	<u>\$101,300,000</u>	<u>\$ -</u>

In accordance with IC 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year's surplus or the net gain from operations of such insurer of the prior year. The Company paid dividends during the examination period that were ordinary in nature and did not require prior regulatory approval. In accordance with IC 27-1-23-1.5, the Company notified the INDOI of all declared dividends to the parent during the examination period.

TERRITORY AND PLAN OF OPERATION

The Company principally writes group life, disability and accidental death and dismemberment insurance products in the regions in which its affiliated companies operate. Within Anthem's Blue Cross Blue Shield regions, the Company's products are usually bundled with Anthem's health coverage. Outside of those regions, the Company offers life and disability coverage unbundled from health coverage; packaged with Anthem's dental, vision, prescription, or employee assistance program coverage; or packaged with health coverage from other health partners. ALIC's accounts range from very small companies to groups with thousands of members across many states. The Company also offers administrative services only plans for larger employers but these plans are limited to short-term disability. Throughout the examination period, the Company assumed all active life insurance from an affiliate, UniCare Life & Health Insurance Company (ULH). Also, effective April 1, 2017, the Company assumed a portion of a closed block of life and long-term care policies from Anthem Blue Cross Life and Health Insurance Company (ABC L&H). ALIC is licensed in forty-seven (47) states and the District of Columbia.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

Year	Admitted Assets	Liabilities	Surplus and Other Funds	Premiums and Annuities	Net Income
2017	\$ 674,743,809	\$ 549,614,279	\$ 125,129,530	\$ 411,982,366	\$ 12,309,559
2016	623,258,714	514,374,134	108,884,580	362,336,956	28,300,023
2015	633,655,088	537,726,295	95,928,793	368,876,871	18,243,326
2014	582,363,060	473,225,028	109,138,032	357,803,155	34,403,264

The increases in net admitted assets, liabilities, and premiums and annuity considerations in 2017 were due primarily to the new reinsurance arrangement between ALIC and ABC L&H which resulted in an increase of approximately \$50.1 million in premiums.

Net income decreased in 2017 due to increased death benefits, commissions paid, and general expenses resulting from the reinsurance agreement with ABC L&H. In addition, surrender benefits and withdrawals increased as a result of the transfer of the California State Employees Association business to a new carrier. The increase in surplus in 2017 was due to the Company not paying dividends to shareholders.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of no less than five (5) members and no more than the number of directors specified in the Articles of Incorporation of the Company. At least one (1) of the directors must be a resident of Indiana. The shareholders, at each annual meeting, elect the members of the Board. Directors are elected for a one (1) year term.

The following is a listing of persons serving as directors at December 31, 2017, and their principal occupations as of that date:

Name and Address	Principal Occupation
Carter Allen Beck Manchester, New Hampshire	Senior Vice President and Counsel Anthem, Inc.
Catherine Irene Kelaghan Carmel, Indiana	Vice President and Counsel Anthem, Inc.
Kathleen Susan Kiefer Indianapolis, Indiana	Vice President and Corporate Secretary Anthem, Inc.
Ronald William Penczek Zionsville, Indiana	Senior Vice President and Chief Accounting Officer Anthem, Inc.
Gregory George Poulakos Atlanta, Georgia	President and Chairperson Anthem Life Insurance Company

Officers

The Bylaws state that the elected officers of the Company shall consist of a Chairman of the Board, a President, a Treasurer, and a Secretary. The Board may also elect a Vice Chairman, one (1) or more Vice Presidents, Assistant Secretaries, Assistant Treasurers, and such other officers or assistant officers as the Board may from time to time determine to perform such duties and functions as prescribed and approved by the Chairman of the Board. Each of these officers is elected by the Board and shall hold office one (1) year or until their respective successors are duly chosen and have qualified.

The following is a list of key officers and their respective titles as of December 31, 2017:

<u>Name</u>	<u>Office</u>
Gregory George Poulakos	President and Chairperson
Robert David Kretschmer	Treasurer
Kathleen Susan Kiefer	Secretary
Kristan Jane Andrews	Assistant Secretary

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2017.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors but one listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2017. See the **Other Significant Issues** section.

CORPORATE RECORDS

Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

Bylaws

There were no amendments made to the Bylaws during the examination period.

Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws require the annual meeting be held by the end of April each year, and do not specify the date or time the annual meeting of shareholders is to be held. During 2016 and 2017, the annual meeting of shareholders was held on May 31, which is in accordance with IC 27-1-7-7(b) but not the Company's Bylaws. The Company has been notified of this timing difference with regards to the annual shareholders' meeting. See the **Other Significant Issues section of this Report of Examination.**

The Anthem committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following: Audit Committee, Compensation Committee, and Governance Committee.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and select affiliates as of December 31, 2017:

	NAIC Co. Code	Domiciliary State/Country
Anthem, Inc.		IN
Anthem Insurance Companies, Inc.	28207	IN
Associated Group, Inc.		IN
Anthem Financial, Inc.		DE
ATH Holding Company, LLC		IN
Rocky Mountain Hospital and Medical Services, Inc.	11011	CO
Anthem Life Insurance Company	61069	IN
Anthem Holding Corp.		IN
UNICARE National Services, Inc.		DE
UNICARE Life & Health Insurance Company	80314	IN

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

Master Administrative Services Agreement

Effective January 1, 2005, the Company entered into an Amended and Restated Master Administrative Services Agreement (MASA) with Anthem and other affiliates. Under the MASA, each company provides certain administrative, consulting, and other support services for the benefit/use of the other affiliated companies. Administrative expenses for services performed under the agreement are captured in cost centers and allocated to legal entities supported by the specific cost centers using reasonable and appropriate allocation methodologies such as weighted membership, headcount, and others.

Effective January 1, 2014, the MASA was amended to incorporate certain changes to holding company laws and regulations resulting from the National Association of Insurance Commissioner's 2010 amendment of its Model Law and Regulation.

The amount attributable to ALIC pursuant to this agreement in 2017 was \$36,265,594.

Cash Concentration Agreement

Effective November 20, 2007, the Company entered into a Cash Concentration Agreement with Anthem and its affiliates. Under this agreement, any one of the parties may be designated as a "Cash Manager" to handle the collection and/or payment of funds on behalf of one or more affiliates. An affiliate acting as a Cash Manager may collect premium payments and other revenue, collect benefit and administrative expense reimbursements, make benefit payments, make payroll payments, and/or make general administrative expense and accounts payable payments on behalf of one or more of its affiliates. At December 31, 2017, the Company had an estimated net receivable of \$10,917,346 pursuant to this agreement.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by National Union Fire Insurance Company of Pittsburgh, Pennsylvania. The bond has a single loss coverage limit of \$10,000,000, with a \$1,500,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force at December 31, 2017, including but not limited to automobile liability, commercial property, computer crime, cyber liability, directors and officers liability, fiduciary liability, financial institution bond, general liability, managed care professional liability, umbrella liability, and workers' compensation and employer's liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company participates in the Anthem Cash Balance Plan (the Plan), a frozen non-contributory defined benefit pension plan sponsored by ATH Holding Company, LLC (ATH Holding), covering most employees of Anthem and its subsidiaries. ATH Holding allocates a share of the total accumulated costs of the Plan to the Company based on the number of allocated employees. During 2017, the Company was allocated credits totaling \$157,300. The Company has no legal obligation for benefits under this plan.

The Company participates in a post-retirement medical benefit plan, sponsored by ATH Holding, providing certain health, life, vision and dental benefits to eligible retirees. ATH Holding allocates a share of the total accumulated costs of this plan to the Company based on the number of allocated employees. During 2017, the Company was allocated costs totaling \$11,507. The Company has no legal obligation for benefits under this plan.

The Company participates in a deferred compensation plan sponsored by Anthem, which covers certain employees once the participant reaches the maximum contribution amount for the Anthem 401(k) Plan. The deferred amounts are payable according to the terms and subject to the conditions of the deferred compensation plan. Anthem allocates a share of the total accumulated costs of this plan to the Company based on the number of allocated employees subject to the deferred compensation plan. During 2017, the Company was allocated costs totaling \$15,115. The Company has no legal obligation for benefits under this plan.

The Company participates in the Anthem 401(k) Plan, sponsored by ATH Holding and covering substantially all employees. ATH Holding matches voluntary employee contributions, subject to certain limitations. ATH Holding allocates a share of the total accumulated costs of this plan to the Company based on the number of allocated employees. During 2017, the Company was allocated costs totaling \$525,501. The Company has no legal obligation for benefits under this plan.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits as of December 31, 2017:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Indiana	\$ 1,880,337	\$ 1,862,473
All Other Special Deposits:		
California	1,003,157	992,050
Florida	125,384	123,599
Georgia	33,339	33,210
Massachusetts	201,148	203,360
New Mexico	500,591	494,564
North Carolina	494,254	493,394
Total Deposits	<u>\$ 4,238,210</u>	<u>\$ 4,202,650</u>

REINSURANCE

Ceded Reinsurance - Affiliates

Reinsurance Agreement for Health Insurance

The Company is party to a Reinsurance Agreement for Health Insurance, originally effective January 1, 1993, with Anthem Insurance Companies, Inc. (AICI). Under this agreement, AICI reinsures 100 percent of a portion of ALIC's individual and group health insurance business. In 2000, the Reinsurance Agreement was amended to exclude policies transferred by ALIC to World Insurance Company through a Coinsurance Agreement and an Assumption Reinsurance Agreement. The agreement was amended again, effective January 1, 2002, to add Anthem, Inc. House Account, Long-Term Disability business covering 100% of all claims incurred after January 1, 2002. Pursuant to this agreement, ALIC ceded premiums of \$350,381 to AICI and took reserve credits of \$1.4 million in 2017.

Reinsurance Agreement for Medicare Supplement

Effective June 15, 2001, the Company entered into an Assumption Reinsurance Agreement with AICI under which ALIC ceded to AICI all of its Medicare Supplement policies issued in Indiana.

Ceded Reinsurance – Non-Affiliates

Group Life and Accident, Death and Dismemberment Reinsurance Agreement

Effective February 1, 2013, ALIC, along with various other Anthem, Inc. affiliated insurance companies, became party to a Group Life and Accident, Death and Dismemberment Reinsurance Contract with Hartford Life and Accident Insurance Company (Hartford Life) whereby the companies cede all group accidental death and dismemberment exposure above a \$300,000 retention per insured. In 2017, this contract accounted for premiums and reserves ceded to Hartford Life of \$9.1 million and \$4.8 million, respectively.

Individual Life and Annuity Reinsurance Agreement

ALIC cedes almost all of its individual life and annuity business to Protective Life Insurance Company pursuant to an agreement originally effective in 1996. In 2017, the Company ceded premiums and reserves totaling \$723,671 and \$11.6 million, respectively.

Assumed Reinsurance - Affiliates

Coinsurance Agreement

Effective October 1, 2011, the Company entered into a 100% Coinsurance Agreement with its affiliate, ULH, whereby the Company assumed 100% of ULH's life insurance business. In 2017, the Company assumed \$171.3 million and \$78.2 million in premiums and reserves, respectively.

Life and Long-Term Care Policy Reinsurance Agreement

Effective April 1, 2017, the Company entered into an agreement with ABC L&H under which ABC L&H cedes a portion of a closed block of life and long-term care policies to ALIC. The remaining block of business has been ceded to third-party reinsurers. Pursuant to this agreement, ALIC assumed premiums of \$37.7 million, reserves of \$7.3 million, and reinsurance payable on unpaid losses of \$6.8 million from ABC L&H in 2017.

Assumed Reinsurance – Non-Affiliates

Coinsurance Agreement

Effective January 1, 2003, the Company entered into an agreement with its affiliate, OneNation Insurance Company (OneNation), under which the Company assumed 100% of the net liabilities (retained risk) of OneNation's group and individual life business. In 2015, OneNation was acquired by a non-affiliated company, FHP Insurance Holding Company, Inc. and changed its name to Fresenius Health Plans Insurance Company. The Coinsurance Agreement is still in effect and in 2017, ALIC assumed premiums, reserves, and reinsurance payables of \$37 thousand, \$3.0 million and \$166 thousand, respectively.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2016 and December 31, 2017 were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2014 through December 31, 2017, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

ANTHEM LIFE INSURANCE COMPANY

Assets

As of December 31, 2017

	<u>Per Examination*</u>
Bonds	\$ 594,874,316
Stocks:	
Preferred stocks	7,773,040
Common stocks	1,900,000
Cash, cash equivalents and short-term investments	3,423,149
Contract loans	226,471
Derivatives	56,404
Other invested assets	15,769,473
Receivables for securities	70,684
Securities lending reinvested collateral assets	<u>9,938,050</u>
Subtotals, cash and invested assets	634,031,587
Investment income due and accrued	4,741,247
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	14,559,581
Deferred premiums and agents' balances and installments booked but deferred and not yet due	20,035
Reinsurance:	
Amounts recoverable from reinsurers	1,275,861
Amounts receivable relating to uninsured plans	128,957
Current federal and foreign income tax recoverable and interest thereon	7,139,326
Net deferred tax asset	2,987,104
Guaranty funds receivable or on deposit	995,051
Receivables from parent, subsidiaries and affiliates	8,827,967
Aggregate write-ins for other than invested assets	<u>37,093</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>674,743,809</u>
Totals	<u>\$ 674,743,809</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts, including immaterial rounding differences.

ANTHEM LIFE INSURANCE COMPANY
Liabilities, Surplus and Other Funds
As of December 31, 2017

	<u>Per Examination*</u>
Aggregate reserve for life contracts	\$ 143,814,984
Aggregate reserve for accident and health contracts	121,269,025
Liability for deposit-type contracts	36,906,522
Contract claims:	
Life	50,637,452
Accident and health	6,314,777
Premiums and annuity considerations for life and accident and health contracts received in advance	3,274,634
Contract liabilities not included elsewhere:	
Provision for experiencing rating refunds	35,394,281
Interest maintenance reserve	23,440,604
Commissions to agents due or accrued	2,371,797
General expenses due or accrued	8,584,446
Taxes, licenses and fees due or accrued, excluding federal income taxes	1,359,786
Unearned investment income	6,576
Amounts withheld or retained by company as agent or trustee	17,950
Remittances and items not allocated	6,007,217
Borrowed money and interest thereon	95,052,778
Miscellaneous liabilities:	
Asset valuation reserve	3,982,823
Derivatives	126,612
Payable for securities lending	9,938,050
Aggregate write-ins for liabilities	1,113,965
Total liabilities excluding Separate Accounts business	<u>549,614,279</u>
Total liabilities	<u>549,614,279</u>
Common capital stock	3,267,547
Gross paid-in and contributed surplus	43,126,549
Unassigned funds (surplus)	78,735,434
Total capital and surplus	<u>125,129,530</u>
Total liabilities, capital and surplus	<u>\$ 674,743,809</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts, including immaterial rounding differences.

ANTHEM LIFE INSURANCE COMPANY
Summary of Operations
For the Year Ended December 31, 2017

	Per Examination*
Premiums and annuity considerations for life and accident and health contracts	\$ 411,982,366
Net investment income	18,594,036
Amortization of interest maintenance reserve	2,240,118
Commissions and expense allowances on reinsurance ceded	(3,034)
Miscellaneous income:	
Aggregate write-ins for miscellaneous income	411,121
Total	433,224,607
Death benefits	252,552,786
Annuity benefits	7,860
Disability benefits and benefits under accident and health contracts	41,634,482
Surrender benefits and withdrawals for life contracts	22,234,397
Group conversions	(321,191)
Interest and adjustments on contract or deposit-type contract funds	468,234
Payment on supplementary contracts with life contingencies	2,750
Increase in aggregate reserves for life and accident and health contracts	(22,784,936)
Total	293,794,382
Commissions on premium, annuity considerations, and deposit-type contract funds (direct business only)	18,669,665
Commission and expense allowances on reinsurance assumed	44,350,323
General insurance expenses	52,429,354
Insurance taxes, licenses and fees, excluding federal income taxes	5,999,277
Increase in loading on deferred and uncollected premiums	(3,382)
Aggregate write-ins for deductions	9,599
Totals	415,249,218
Net gain from operations before dividends to policyholders and federal income taxes	17,975,389
Net gain from operations after dividends to policyholders and before federal income taxes	17,975,389
Federal and foreign income taxes incurred	5,687,135
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	12,288,254
Net realized capital gains (losses) (excluding gains (losses transferred to the IMR)	21,305
Net income	\$ 12,309,559

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts including immaterial rounding differences.

ANTHEM LIFE INSURANCE COMPANY
Capital and Surplus Account Reconciliation

	2017	2016	2015	2014
Capital and surplus, December 31, prior year	\$108,884,580	\$95,928,793	\$109,138,033	\$120,400,795
Net income	12,309,559	28,300,023	18,243,326	34,403,264
Change in net unrealized capital gains or (losses) less capital gains tax	6,445,960	3,559,042	1,398,259	2,190,917
Change in net deferred income tax	(4,175,872)	(273,242)	3,536,019	(31,952)
Change in nonadmitted assets	2,455,163	767,792	(1,143,060)	1,198,734
Change in asset valuation reserve	(789,861)	(497,828)	(943,784)	(923,725)
Dividends to stockholders	-	(18,900,000)	(34,300,000)	(48,100,000)
Net change in capital and surplus for the year	<u>16,244,949</u>	<u>12,955,787</u>	<u>(13,209,240)</u>	<u>(11,262,762)</u>
Surplus as regards policyholders, December 31 current year*	<u>\$125,129,529</u>	<u>\$108,884,580</u>	<u>\$ 95,928,793</u>	<u>\$109,138,033</u>

* Exhibit includes immaterial rounding differences.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2017, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. One Director was elected in December 2017 and did not sign an Oath of Office until the subsequent election. It is recommended that the Company be in compliance with this statute by ensuring Directors sign an Oath of Office when elected.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws require the annual meeting be held by the end of April each year, and do not specify the date or time the annual meeting of shareholders is to be held. During 2016 and 2017, the annual meeting of shareholders was held on May 31, which is in accordance with IC 27-1-7-7(b) but not the Company's Bylaws. It is recommended that the Company be in compliance with its Bylaws.

SUBSEQUENT EVENTS

The Company's ultimate parent, Anthem and Cigna Corporation (Cigna) entered into an "Agreement and Plan of Merger" dated July 23, 2015. On July 21, 2016, the U.S. Department of Justice (DOJ) filed a civil antitrust lawsuit in U.S. District Court seeking to block the acquisition. The court ruled in favor of the DOJ and Anthem promptly filed notice that they would appeal the ruling. On February 14, 2017, Cigna purported to terminate the Agreement and commenced litigation against Anthem seeking damages and declaratory judgment. Anthem promptly initiated litigation and received a temporary restraining order enjoining Cigna from terminating the Agreement. The motion was ultimately denied, and on May 12, 2017, Anthem delivered a notice to Cigna terminating the Agreement. The litigation in Delaware is ongoing. Trial commenced in late February 2019 and concluded in March 2019. The Delaware Court has set closing arguments for September 11, 2019 with post trial briefing due before then.

In March 2016, Anthem filed a lawsuit against Express Scripts, Inc. (ESI), their vendor for pharmacy benefit management (PBM) services, in the U.S. District Court for the Southern District of New York. The lawsuit seeks to recover damages for pharmacy pricing that is higher than competitive benchmark pricing under the agreement between the parties, and damages related to operational breaches, as well as various declarations. ESI has disputed the contractual claims and is seeking declaratory judgments, including, among others, that it has no obligation to ensure that Anthem receive any specific level of pricing, that Anthem has no contractual right to any change in pricing under the ESI PBM Agreement and that its sole obligation is to negotiate proposed pricing terms in good faith; and that Anthem does not have the right to terminate the ESI PBM Agreement. In the alternative, Express Scripts claims that Anthem has been unjustly enriched by its payment of \$4.7 billion at the time of the ESI PBM Agreement. In March 2017, the court granted Anthem's motion to dismiss Express Scripts' counterclaims for (i) breach of the implied covenant of good faith and fair dealing, and (ii) unjust enrichment with prejudice. The only remaining claims are for breach of contract and declaratory relief.

In October 2017, Anthem announced the establishment of IngenioRx, their new PBM. In addition, at that same time, Anthem announced that it entered into a five-year agreement with CVS Health Corporation to begin offering a full suite of PBM solutions starting on January 1, 2020, which coincides with the conclusion of Anthem's current PBM agreement with ESI. In January 2019, Anthem announced the acceleration of the launch of IngenioRx. The

ESI PBM Agreement terminated on March 1, 2019, and the twelve-month transition period provided for in the ESI PBM Agreement to migrate the services began on March 2, 2019.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that she, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Alberts Actuarial Consulting, LLC and Merlinos & Associates, Inc., performed an examination of Anthem Life Insurance Company, as of December 31, 2017.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

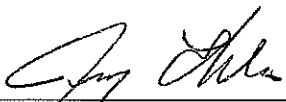
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of Anthem Life Insurance Company as of December 31, 2017, as determined by the undersigned.



Nadine Treon, CFE
Noble Consulting Services, Inc.

Under the Supervision of:

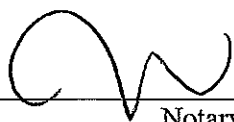


Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 6 day of June, 2019, before me personally appeared, Nadine Treon and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: July 4, 2019 

Notary Public

