

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

IN THE MATTER OF:)
)
Golden Rule Insurance Company)
7440 Woodland Drive)
Indianapolis, Indiana 46278)

Examination of: **Golden Rule Insurance Company**

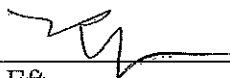
NOTICE OF ENTRY OF ORDER

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 Golden Rule Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 29, 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 Golden Rule 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 28, 2019
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7005 3110 0002 4444 0632

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7440 Woodland Drive)
Indianapolis, Indiana 46278)

Examination of: **Golden Rule Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Golden Rule Insurance Company (hereinafter “Company”) for the time period January 1, 2013 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 April 11, 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 29, 2019 and was received by the Company on June 3, 2019.

The Company did not file any objections.

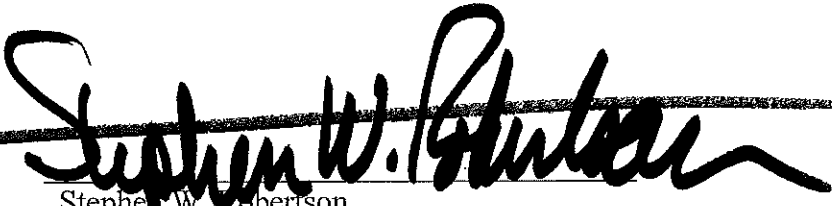
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Golden Rule Insurance Company as of December 31, 2017.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Golden Rule 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 28 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.

A large, dark, handwritten signature in cursive script, appearing to be "Michael W. ...".A smaller, dark, handwritten signature in cursive script, appearing to be "M. ...".

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION

OF

GOLDEN RULE INSURANCE COMPANY

NAIC Co. CODE 62286

NAIC GROUP CODE 0707

As of

December 31, 2017

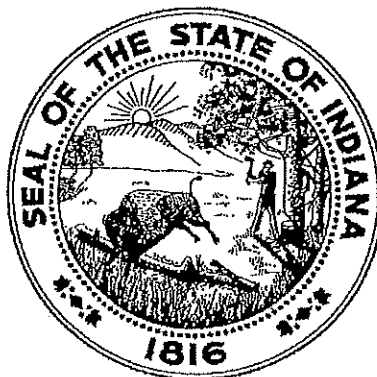


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STATE OF INDIANA

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

April 11, 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 3973, an examination has been made of the affairs and financial condition of:

Golden Rule Insurance Company
7440 Woodland Drive
Indianapolis, Indiana 46278

hereinafter referred to as the "Company", or "GRIC", 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, 2008 through December 31, 2012. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2013 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 examination of UnitedHealth Group Incorporated (UHG) was called by the Connecticut Insurance Department (CID) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The CID served as the lead state on the examination, and the INDOI, served as the facilitating state of Subgroup 3. Participating states included in Subgroup 3 were the California Department of Insurance, New York State Department of Financial Services and Wisconsin Department of Insurance.

The Pennsylvania Insurance Department contracted Lewis & Ellis, Inc. to provide all actuarial services throughout the examination and conduct a review of the Company's actuarial related risks as of December 31, 2017.

Winthrop Capital Management provided all investment services throughout the examination and conducted a review of the Company's investment 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

The Company was incorporated as St. Anthony Life Insurance Company on June 17, 1959 and commenced operations on June 23, 1961. In 1962, the Company assumed the name of Congressional Life Insurance Company, and the present name was adopted in June 1977. GRIC is a wholly owned subsidiary of Golden Rule Financial Corporation (GRFC). Effective November 13, 2003, 100% of GRFC and its subsidiaries were acquired by UHG. GRIC redomiciled, with state approval, from Illinois to Indiana effective October 2006.

Effective October 1, 2005, GRIC entered into an indemnity reinsurance agreement to reinsure all life and annuity business, excluding group life and term life rider business to The State Life Insurance Company.

CAPITAL AND SURPLUS

The Company has 1,000,000 shares authorized and 815,676 shares issued and outstanding of \$4 par value common stock. The Company has no preferred stock outstanding. All issued and outstanding shares of common stock are held by the Company's parent, GRFC.

DIVIDENDS TO STOCKHOLDERS

The Company paid the following dividends to the GRFC during the examination period:

Year	Total	Ordinary Dividends	Extraordinary Dividends
2017	\$ 60,000,000	\$ 30,000,000	\$ 30,000,000
2016	156,800,000	56,800,000	100,000,000
2015	150,000,000	25,000,000	125,000,000
2014	75,000,000	75,000,000	-
2013	125,000,000	40,000,000	85,000,000
Total	<u>\$ 566,800,000</u>	<u>\$ 226,800,000</u>	<u>\$340,000,000</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 eight (8) extraordinary dividends during the examination period with the prior approval of the INDOI. Other dividends paid during the examination period 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 is domiciled in Indiana and is licensed to sell life, annuity, and accident and health insurance in all states except New York, through independent agents, sponsored marketing programs, internet, and direct selling. There were no new states licensed since the prior examination. The Company's accident and health revenues are primarily derived from the sale of individual major medical and short-term policies. The Company is not actively marketing long term accident and health (A&H) policies. It will continue to service existing grandfathered and non-grandfathered renewable A&H policies as well as those subject to transitional relief. The Company will also market A&H products not subject to the Patient Protection and Affordable Care Act. The Company added a fixed indemnity product in multiple states in 2017. In addition, the Company markets dental, vision, and other ancillary products.

The Company has its home office in Indianapolis, Indiana and administrative offices in Lawrenceville, Illinois; Vincennes, Indiana; and Green Bay, Wisconsin. The Company underwrites its policies and endorsements with their in-house underwriting staff. The primary health insurance products are short term, fixed indemnity, and dental plans. The Company sells other ancillary products including supplemental and accident indemnity, supplemental accident, term life, critical illness and vision. Business that is not actively sold but is serviced as part of a closed block of business are co-pay plans, health savings account plans, in addition to high deductible and basic plans. There are four (4) different channels in which a policy request and payment comes to GRIC: Paper/fax/mail, eStore, eAgencies, and direct sales. eStore is the GRIC proprietary website for brokers to submit applications. eAgencies are independent insurance agencies that offer insurance through their website. Direct sales are producers that are full-time employees.

GROWTH OF THE COMPANY

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

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Premiums</u>	<u>Net Income</u>
2017	\$ 499,171,779	\$ 300,544,678	\$ 198,627,101	\$1,338,103,418	\$ 82,622,564
2016	529,488,173	359,437,760	170,050,413	1,354,232,427	65,218,217
2015	635,565,515	367,539,021	268,026,494	1,501,285,262	106,832,042
2014	718,208,451	405,025,824	313,182,627	1,850,627,213	76,660,881
2013	759,785,315	466,290,127	293,495,188	2,020,590,085	129,390,330

Increases and decreases in surplus of the Company were primarily attributable to net income and dividends. The significant changes during the exam period relate to declines in premiums in 2016 due to the decision to stop offering new long-term comprehensive major medical policies and focus on short-term policies.

MANAGEMENT AND CONTROL

Directors

The Company is managed by its Board of Directors (Board). The Company's Bylaws state the Board of no less than five (5) nor more than ten (10) shall be elected by the stockholders at the annual meeting. Directors shall be citizens of the United States or Canada, be at least twenty-one (21) years of age, and shall be elected for a term of not more than one (1) year. At least one (1) director shall be a resident of the state of Indiana.

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

<u>Name and Address</u>	<u>Principal Occupation</u>
Patrick Francis Carr Indianapolis, Indiana	Board Chair, President and Chief Executive Officer UnitedHealthcare*
Douglas Ford Crockett Indianapolis, Indiana	Chief Operating Officer and Vice President UnitedHealthcare*
John Frederick Frank Indianapolis, Indiana	Vice President UnitedHealthOne*
James Mark Gabriel Green Bay, Wisconsin	Senior Vice President UnitedHealthcare*
Richard Charles Sullivan Indianapolis, Indiana	Vice President and Secretary UnitedHealthcare*

* The Directors/Officers support the business segments noted above, but are employees of United HealthCare Services, Inc. (UHS).

Officers

The Company's Bylaws state that the officers are elected by the Board and are to include a President, one (1) or more Vice Presidents, a Treasurer, and a Secretary. In addition, the Board may elect a Chairperson and Chief Executive Officer. Any two (2) or more offices, other than those of President and Secretary, may be held by the same person.

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

<u>Name</u>	<u>Office</u>
Patrick Francis Carr	Board Chair, President and Chief Executive Officer
Robert Worth Oberrender	Treasurer
Richard Charles Sullivan	Secretary and Vice President
Jeremy Michael Schoettle	Chief Financial Officer and Vice President
Douglas Ford Crockett	Chief Operating Officer and Vice President
James Mark Gabriel	Senior Vice President

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 listed in the Management and Control section of this Report of Examination have subscribed to an oath as of October 17, 2018. See **Other Significant Issues section of this Report of Examination.**

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. See **Other Significant Issues section of this Report of Examination.**

The committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the GRFC Audit Committee, which is the only Board level committee.

AFFILIATED COMPANIES

Organizational Structure

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

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
UnitedHealth Group Incorporated (UHG)		DE
Golden Rule Financial Corporation (GRFC)		DE
UnitedHealthcare Life Insurance Company	97179	WI
Golden Rule Insurance Company (GRIC)	62286	IN
All Savers Insurance Company	82406	IN
All Savers Life Insurance Company of California	73130	CA

Affiliated Agreements

The following significant 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.

Management Services Agreement

GRIC and UHS

Effective January 1, 2014, GRIC and UHS entered into a Management Services Agreement. Pursuant to the agreement, UHS will provide management services under a fee structure, including but not limited to, utilization management, network management, operations for medical and behavioral health, pharmacy benefit management, transplant services, and discount program services. Under the terms of this agreement, GRIC paid UHS \$145.0 million and \$121.6 million in 2017 and 2016, respectively.

Administrative Services Agreement

GRIC and OptumRx

Effective October 1, 2013, GRIC and OptumRx entered into an Administrative Services Agreement. Pursuant to the agreement, OptumRx provides certain administrative services to GRIC including pharmacy management and pharmacy claims processing. Under the terms of this agreement, GRIC paid OptumRx \$4.6 million and \$4.7 million in 2017 and 2016, respectively.

Subordinated Revolving Credit Agreement

Effective in 2012, the Company entered into a Subordinated Revolving Credit Agreement with UHG. Pursuant to the agreement, UHG agrees to provide short-term borrowing facilities to the Company, as needed. The agreement was amended and/or renewed in 2017 and has a limit of \$150 million for GRIC, with an interest rate of the London InterBank Offered Rate plus fifty (50) basis points. No amounts were outstanding under the agreement as of December 31, 2016 and 2017. The total amount of interest paid or accrued on all borrowings was \$68,109 and \$36,657 as of December 31, 2017 and 2016, respectively.

Tax Sharing Agreement

Effective January 1, 2005, the Company and certain other affiliates entered into a Tax Sharing Agreement with UHG. Pursuant to the agreement, a consolidated return is prepared for the group of companies, including GRIC. Generally, each member of the group pays its federal income tax liability or receives federal income tax benefits, as if the member had filed as a separate entity. The tax liability associated with the agreement for GRIC was \$43.1 million and \$40.2 million in 2017 and 2016, respectively.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through fidelity coverage issued by Great American Insurance Company. The bond has a coverage limit of \$10,000,000 with a \$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: auto liability, cyber liability, employment benefits liability, management indemnity/directors and officers liability, umbrella, and workers' compensation liability. These policies are held at the UHG level, and cover all subsidiaries.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits, or compensated absences plans and is not impacted by the Medicare Modernization Act on post-retirement benefits, since all personnel are employees of UHS, which provides services to the Company under the terms of the Management Services Agreement.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits at December 31, 2017:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
Deposits For the Benefit of		
All Policyholders:		
Illinois	\$1,563,057	\$1,629,582
Indiana	1,358,292	1,347,567
Virginia	106,070	104,881
All Other Special Deposits:		
Georgia	51,280	54,966
Massachusetts	100,154	132,849
Missouri	260,550	313,028
North Carolina	721,667	945,649
South Carolina	169,225	181,388
Total Deposits	<u>\$ 4,330,295</u>	<u>\$ 4,709,910</u>

REINSURANCE

The Company cedes 100% of the total risk on individual life policies, except group life and term life riders to The State Life Insurance Company, rated 'A+' by A.M. Best. The Company remains liable as the direct insurer on all risks reinsured should the reinsurer not perform.

The Company has no reinsurance assumed.

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, 2016 and 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.

GOLDEN RULE INSURANCE COMPANY

Assets

As of December 31, 2017

	Per Examination*
Bonds	\$ 367,689,933
Real estate:	
Properties occupied by the company	2,505,510
Cash, cash equivalents and short-term investments	37,577,686
Other invested assets	13,551,364
Subtotals, cash and invested assets	421,324,493
Investment income due and accrued	3,029,905
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	11,077,595
Accrued retrospective premiums and contracts subject to redetermination	1,485,282
Reinsurance:	
Amounts recoverable from reinsurers	322,819
Other amounts receivable under reinsurance contracts	528,173
Current federal and foreign income tax recoverable and interest thereon	32,001,619
Net deferred tax asset	11,843,320
Guaranty funds receivable or on deposit	5,131,314
Receivables from parent, subsidiaries and affiliates	5,225,379
Health care and other amounts receivable	6,773,917
Aggregate write-ins for other than invested assets	427,963
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	499,171,779
Total	\$ 499,171,779

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

GOLDEN RULE INSURANCE COMPANY
Liabilities, Surplus and Other Funds
As of December 31, 2017

	Per Examination*
Aggregate reserve for life contracts	\$ 101,864
Aggregate reserve for accident and health contracts	63,150,534
Contract claims:	
Life	835,255
Accident and health	149,409,578
Premiums and annuity considerations for life and accident and health contracts received in advance less discount, including accident and health premiums	12,497,022
Contract liabilities not included elsewhere:	
Provision for experience rating refunds, including the liability for accident and health experience rating refunds	4,241,307
Interest maintenance reserve	6,000,926
Commissions to agents due or accrued-life and annuity contracts; accident and health	4,692,090
General expenses due or accrued	3,787,993
Taxes, licenses and fees due or accrued, excluding federal income taxes	22,608,256
Amounts withheld or retained by company as agent or trustee	43,660
Remittances and items not allocated	559,019
Miscellaneous liabilities:	
Asset valuation reserve	1,491,568
Drafts outstanding	26,755,411
Payable for securities	2,421,604
Aggregate write-ins for liabilities	1,948,591
Total liabilities excluding Separate Accounts business	300,544,678
Total liabilities	300,544,678
Common capital stock	3,262,704
Gross paid in and contributed surplus	14,162,016
Aggregate write-ins for special surplus funds	37,686,623
Unassigned funds (surplus)	143,515,758
Surplus	195,364,397
Totals	198,627,101
Totals	\$ 499,171,779

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

GOLDEN RULE 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	\$1,338,103,418
Net investment income	7,040,261
Amortization of Interest Maintenance Reserve	2,210,657
Commissions and expense allowances on reinsurance ceded	2,689,304
Miscellaneous Income:	
Aggregate write-ins for miscellaneous income	458,890
Total	1,350,502,530
Death benefits	1,055,818
Disability benefits and benefits under accident and health contracts	958,777,381
Increase in aggregate reserves for life and accident and health contracts	(2,768,067)
Totals	957,065,132
Commissions on premiums, annuity considerations, and deposit-type contract funds	88,560,306
General insurance expense	157,174,313
Insurance taxes, licenses and fees, excluding federal income taxes	23,925,321
Aggregate write-ins for deduction	71,497
Totals	1,226,796,569
Net gain from operations before dividends to policyholders and federal income taxes	123,705,961
Net gain from operations after dividends to policyholders and before federal income taxes	123,705,961
Federal and foreign income taxes incurred	41,080,662
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	82,625,299
Net realized capital gains (losses)	(2,735)
Net income	\$ 82,622,564

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

GOLDEN RULE INSURANCE COMPANY
Capital and Surplus Account Reconciliation

	2017	2016	2015	2014	2013
Capital and surplus, December 31, prior year	\$170,050,413	\$268,026,494	\$313,182,627	\$293,495,188	\$292,292,429
Net income	82,622,564	65,218,217	106,832,042	76,660,881	129,390,330
Change in net deferred income tax	(8,338,292)	(101,121)	737,509	(981,883)	3,043,242
Change in nonadmitted assets	8,564,581	(5,089,913)	(971,700)	19,982,238	(4,124,655)
Change in asset valuation reserve	9,977	595,926	45,206	(243,096)	(306,968)
Cumulative effect of changes in accounting principles	7,517,048	-	-	-	-
Surplus adjustment:					
Change in surplus as a result of reinsurance	(1,799,190)	(1,799,190)	(1,799,190)	(1,799,190)	(1,799,191)
Dividends to stockholders	(60,000,000)	(156,800,000)	(150,000,000)	(75,000,000)	(125,000,000)
Aggregate write-ins for gains and losses in surplus	-	-	-	1,068,489	-
Net change in capital and surplus for the year*	<u>28,576,688</u>	<u>(97,976,081)</u>	<u>(45,156,133)</u>	<u>19,687,439</u>	<u>1,202,759</u>
Capital and surplus, December 31, current year*	<u>\$198,627,101</u>	<u>\$170,050,413</u>	<u>\$268,026,494</u>	<u>\$313,182,627</u>	<u>\$293,495,188</u>

* The balances include immaterial balancing 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. It was determined that each director does have an Oath of Office statement on file, as of October 17, 2018. It was noted that Oaths of Office were not signed in prior years during the examination period. It is recommended that every director shall take and subscribe to an Oath of Office at the time of annual election to the Board.

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 indicate that annual meetings are to occur at a location of Board's choosing no later than the last day in June. However, they also allow meetings to occur anytime. The Company typically handles the Annual Shareholder Meeting by way of a Written Consent in Lieu of the Meeting, which were occasionally not dated within the timing parameters noted above. This matter has been discussed with the Company and they provided updated Bylaws and ensure the timing is handled correctly noting the Annual Shareholder Meeting is typically handled by way of a Written Consent in Lieu of a Meeting.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of fieldwork, which were considered material events requiring disclosure in this Report of Examination.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Lewis and Ellis Inc., Actuaries and Consultants, performed an examination of Golden Rule 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.

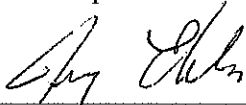
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing 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 Golden Rule Insurance Company as of December 31, 2017, as determined by the undersigned.



Brad Neff, CFE
Noble Consulting Services, Inc.

Under the Supervision of:

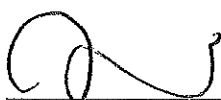


Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 3 day of May, 2019, before me personally appeared, Brad Neff 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

