

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

IN THE MATTER OF:)
)
Midwestern United Life Insurance Company)
111 Monument Circle, Suite 2700)
Indianapolis, Indiana 46204)

Examination of: **Midwestern United 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 Midwestern United Life Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, 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 Midwestern United 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 9, 2021
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 5959

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Examination of: **Midwestern United Life Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Midwestern United Life Insurance Company (hereinafter “Company”) for the time period January 1, 2016 through December 31, 2019.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on April 1, 2021.

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 18, 2021 and was received by the Company on May 24, 2021.

On June 4, 2021, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company’s response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2016.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance 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, as amended, 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, as amended. 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 9 day of
June, 2021.



Amy E. Beard
Insurance Commissioner

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.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

MIDWESTERN UNITED LIFE INSURANCE COMPANY

NAIC COMPANY CODE 66109

GROUP CODE 4832

As of

December 31, 2019

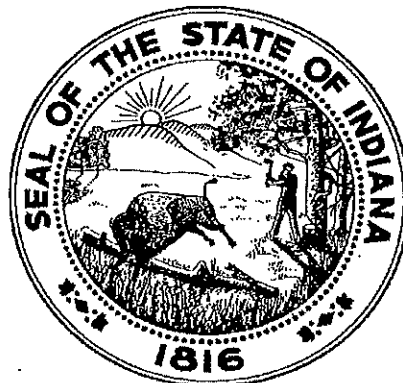


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/doi

April 1, 2021

Honorable Amy L. Beard
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 4045, an examination has been made of the affairs and financial condition of:

Midwestern United Life Insurance Company
111 Monument Circle, Suite 2700, Indianapolis, Indiana 46204

an Indiana domestic life and health insurance company hereinafter referred to as the "Company." The examination was conducted at the administrative offices of the Company located at One Orange Way, Windsor, Connecticut 06095.

The Report of Examination, showing the status of the Company as of December 31, 2019, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389 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) as of December 31, 2015. The multistate risk-focused examination was conducted by The Thomas Consulting Group, Inc. (Thomas Consulting) and covered the period from January 1, 2016 through December 31, 2019, 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 performed on a coordinated basis with the Connecticut Insurance Department (CID), Minnesota Department of Commerce, Colorado Division of Insurance, and New York State Department of Financial Services. The CID conducted the Voya Retirement Insurance and Annuity Company (VRIAC) examination and served as the lead state for the coordinated examination. The INDOI relied upon a portion of the coordinated examination work performed by the CID for VRIAC.

In conducting the risk-focused examination, the INDOI, by its representatives, also relied upon the independent audit reports and opinions contained therein rendered by Ernst & Young LLP for each year of the examination period. Such reports were prepared on a statutory basis and reconciled to the financial statements contained in the respective Annual Statements.

Risk & Regulatory Consulting, LLC was appointed by the CID to assist in the actuarial review, evaluate the Company's investment holdings, and provide staff accounting services. Jennan Enterprises, LLC was appointed by the CID to conduct an evaluation of the Company's information technology (IT) controls.

In accordance with the 2019 NAIC *Financial Condition Examiners Handbook*, Thomas Consulting planned and performed the multistate risk-focused examination to evaluate the financial condition of the Company and to identify prospective risks related to its operations. The examination process included an evaluation of corporate governance, identification and assessment of inherent risks, and documentation of system controls and procedures used to mitigate the identified risks. In addition, Thomas Consulting performed an assessment of the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The examination also included a review of the Company's compliance with Statutory Accounting Principles, Annual Statement Instructions, and the Indiana Insurance Code (IC). All accounts and activities of the Company were considered in accordance with the multistate risk-focused examination process.

HISTORY

The Company was incorporated on May 4, 1948 under the provisions of the State of Indiana as a life and health insurance company. During the Company's history it has undergone mergers with two (2) former Indiana insurers; American Travelers Life Insurance Company (1961) and Great Northern Insurance Company (1965). Currently, the Company is a direct, wholly-owned subsidiary of Security Life of Denver Insurance Company (SLD), a Colorado domestic insurer. SLD is a direct, wholly-owned subsidiary of Voya Financial, Inc. (VOYA) (formerly known as ING U.S., Inc.), a publicly held financial services company based in New York whose stock is publicly traded on the New York Stock Exchange under the symbol "VOYA."

CAPITAL AND SURPLUS

Pursuant to the Amended Articles of Incorporation, the capital stock authorized for the Company is 3,175,000 shares of common stock with a par value of \$1.00 per share. As of December 31, 2019, the Company's total capital and surplus was \$143,198,758, which included: common capital stock of \$2,500,000, consisting of 2,500,000 issued and outstanding shares; gross paid-in contributed surplus of \$9,393,754; and unassigned funds (surplus) of \$131,305,004. All issued and outstanding shares were 100% owned by SLD as of December 31, 2019.

DIVIDENDS TO STOCKHOLDERS

There were no common stock dividends declared or paid during the period covered by this examination.

TERRITORY AND PLAN OF OPERATION

The Company is authorized to conduct its insurance business in all states (except New York), the District of Columbia, and the U.S. Virgin Islands as of December 31, 2019. The Company is in runoff and does not presently solicit new business but continues to service a portfolio of traditional and interest-sensitive whole life, endowment, universal life, term insurance, and annuities. The top states based on direct premiums for the year 2019 were Indiana (25.7%), Ohio (16.3%), and Texas (10.2%).

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 & Surplus</u>	<u>Net Premiums Earned</u>	<u>Net Income/(Loss)</u>
2019	\$ 231,359,269	\$ 88,160,511	\$ 143,198,758	\$ 2,698,386	\$ 14,358,644
2018	231,588,020	103,416,882	128,171,139	2,755,278	3,877,231
2017	232,387,362	108,193,058	124,194,303	2,933,032	(6,012,991)
2016	234,433,119	103,054,582	131,378,537	3,136,798	3,696,397

Note: Amounts are shown in whole dollars and rows may not total due to rounding.

The financial statement amounts have remained consistent during the period under examination. Decreases in assets, liabilities, and premiums were due to the Company's runoff of its remaining business. The decline in income and capital & surplus for the year 2017 was primarily related to an increase in reserves. An increase in income and capital & surplus for the year 2019 was primarily related to decreases in reserves.

MANAGEMENT AND CONTROL

Directors

The Company's Amended and Restated Bylaws (Bylaws) specify that the Board of Directors (Board) shall consist of not less than five (5), nor more than fifteen (15) members. The Bylaws allow the number of

directors to be increased or decreased by amendment to the Bylaws or Articles of Incorporation. Directors are elected at the Annual Meeting of the Shareholders. The following is a listing of persons serving as directors as of December 31, 2019:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Rodney O. Martin, Jr. New York, New York	Chairman & Chief Executive Officer Voya Financial, Inc.
William T. Bainbridge Westchester, Pennsylvania	President of Voya's Legacy Life and Annuity Business Voya Financial, Inc.
Anthony J. Brantzeg Westchester, Pennsylvania	Senior Vice President and Chief Actuary Voya Financial, Inc.
Charles P. Nelson West Hartford, Connecticut	Chief Executive Officer of Retirement and Employee Benefits; Voya Financial, Inc.
Michael S. Smith New York, New York	Chief Financial Officer and Interim Chief Risk Officer; Voya Financial, Inc.
Colin D. Welton Indianapolis, Indiana	Attorney Principal Financial Group

Officers

As defined in the Bylaws, the officers of the Company shall consist of a President, a Treasurer, a Secretary, and such other officers as may be elected by the Board. The officers elected by the Board and serving as of December 31, 2019 were as follows:

<u>Name</u>	<u>Title</u>
William Thomas Bainbridge	President
Michael Scott Smith	Executive Vice President & Chief Risk Officer
Patricia Julie Walsh	Executive Vice President & Chief Legal Officer
Kevin Robert Socha	Senior Vice President & Chief Financial Officer
Clyde Landon Cobb, Jr.	Senior Vice President & Chief Accounting Officer
Anthony Joseph Brantzeg	Senior Vice President & Actuary
Carlo Bertucci	Senior Vice President and Chief Tax Officer
Jean Jinho Weng	Senior Vice President
Joel Andrew King	Senior Vice President and Appointed Actuary
Matthew Toms	Senior Vice President
Melissa Ann O'Donnell	Secretary
David Scott Pendergrass	Senior Vice President and Treasurer

Corporate Governance

As of December 31, 2019, the Company did not have any Board committees. However, the Company receives oversight from the Voya Financial, Inc. Board and its committees. As of 2019, Voya Financial, Inc. had the following management committees and committees of its Board: Audit; Asset Liability;

Compensation and Benefits; Environment, Social and Governance; Executive; Finance; Investment Policy; IT Privacy Risk; Model; Nominating and Governance; Risk and Technology Innovation; and Operation.

CONFLICT OF INTEREST

The Company's conflict of interest disclosure process requires directors, principal officers (at the level of Vice President and above), and key employees to complete a conflict of interest disclosure statement annually. From a review of the signed statements, there were no material conflicts of interest noted for the period under examination.

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 corporation and will not knowingly violate any of the laws applicable to such corporation. During the period covered by this examination, directors did not take and subscribe to an oath of office when re-elected as required by IC 27-1-7-10(i). **(Please see the "Other Significant Findings" section of this Report of Examination regarding this issue.)**

CORPORATE RECORDS

Articles of Incorporation

The Company's Articles of Incorporation were amended and restated by the Resolution of the Board on December 15, 2017 and Resolution by Sole Shareholders on December 19, 2017, and became effective March 8, 2018. The amendment changed the statutory home office. The amendment was approved by the INDOI and the Indiana Secretary of State.

Bylaws

There were no amendments made to the Company's Bylaws during the period under examination.

Minutes

The Board and Shareholders Meeting minutes were reviewed for the period under examination through the fieldwork completion date and significant actions taken during each meeting were noted. For the period under examination, the Shareholders' Annual Meetings were held in accordance with IC 27-1-7-7(b).

AFFILIATED COMPANIES

Organizational Structure

The Company is a member of an insurance holding company system defined within IC 27-1-23 and Regulation of Insurance Holding Company Systems. An Insurance Holding Company System Registration Statement has been filed annually with the INDOI for each year of the examination period. The following

abbreviated organizational chart depicts the Company's relationship within the holding company system:

	NAIC Company Code	Domiciliary State/Country
Voya Financial, Inc.		DE
Voya Services Company		DE
Voya Holdings, Inc.		DE
Voya Investment Management, LLC		DE
Voya Retirement Insurance and Annuity Company	86509	CT
ReliaStar Life Insurance Company	67105	MN
ReliaStar Life Insurance Company of New York	61360	NY
Roaring River, LLC, (Missouri SPLRC)	13583	MO
Security Life of Denver Insurance Company	68713	CO
Midwestern United Life Insurance Company	66109	IN
Roaring River IV Holding, LLC		DE
Roaring River IV, LLC, (Missouri SPLRC)	15365	MO
Security Life of Denver International Limited (Arizona Captive)	15321	AZ
Roaring River II, Inc. (Arizona Captive Reinsurance Co.)	14007	AZ

Affiliated Agreements

The following significant affiliated agreements were disclosed as part of the Form B Holding Company Registration Statement and were filed with, and not disapproved by, the INDOI in accordance with IC 27-1-23-4(b)(4).

Reciprocal Loan Agreement

Effective January 1, 2014, the Company entered into a Reciprocal Loan Agreement with Voya Financial, Inc. to promote efficient management of cash and liquidity, and provide for unanticipated short-term cash requirements. Under this agreement, which expires January 1, 2024, the Company and Voya Financial, Inc. can borrow from one another up to 3% of the Company's admitted assets as of December 31 of the preceding year. Interest is charged at a rate based on the prevailing market rate for similar borrowings. As of December 31, 2019, the Company had no outstanding receivable or outstanding payable amounts from Voya Financial, Inc. under this agreement.

Investment Management Agreements

Effective January 1, 1998, the Company entered into an Investment Advisory Agreement with Voya Investment Management, LLC (VIM). There have been three (3) amendments after the original date. Under this agreement, VIM provides the Company with investment management services. The amount of fees paid under this agreement in 2019 was \$291,297.

Effective January 1, 2000, the Company entered into a Management Services Agreement with VIM, under which VIM provides the Company with asset-liability management services. The amount of fees paid under this agreement in 2019 was \$3,482.

Services Agreements

Effective January 1, 2001, the Company entered into a Services Agreement with Voya Services Company (VSC). This agreement was amended on November 1, 2006, whereby VSC provides certain administrative, management, professional, advisory, consulting, and other services to the Company. The amount of fees paid under this agreement in 2019 was \$1,217,684.

Effective July 1, 2002, the Company entered into a Services Agreement with Voya Financial Partners, LLC to provide certain administrative, management, professional advisory, consulting, and other services to the Company to benefit its customers. The amount of fees paid under this agreement in 2019 was \$617.

Effective March 1, 2019, the Company entered into a Second Amended and Restated Services Agreement with its affiliates. The amendment leaves the fundamental terms of the prior Amended and Restated Agreement in place and adds a few more parties and provisions. The affiliates provide certain administrative, management, professional, advisory, consulting, and other services to each other. The amount of fees paid under this agreement in 2019 was \$187,537.

Master Participating and Servicing Agreements

Effective January 25, 2019, the Company entered into three (3) Master Participating and Servicing Agreements (MPSA) with its affiliates and Athene Asset Management LLC (AAM). Under such agreements, the Company and the other parties will receive mortgage loan services from AAM related to certain commercial mortgage loans owned 100% by a combination of one (1) or more of Athene Annuity & Life Assurance Company (AADE), Voya Insurance and Annuity Company (VIAC) and/or one (1) or more of the Voya Affiliates. The loans chosen by the parties to be serviced by AAM pursuant to the MPSA (AAM Servicer) are loans where (i) VIAC and/or AADE hold legal title to a majority of ownership interests in such loans, and (ii) a portion of VIAC's interests in the loans is held in the reinsured portfolios. The MPSA shall remain in effect for each loan serviced thereunder until either (A) resignation or termination of VIM as servicer for cause, or (B) the parties to the MPSA (VIM Servicer) jointly determine to transfer the loan to a third party on a servicing released basis. The MPSA was filed with, and not disapproved by, the INDOI.

Tax Sharing Agreements

Effective January 1, 2001, the Company entered into a Tax Sharing Agreement with Voya Financial, Inc. and each of the specific subsidiaries that are parties to the agreement. The agreement applies to situations in which Voya Financial, Inc. and all or some of the subsidiaries join in the filing of a state or local franchise, income tax, or other tax return on a consolidated, combined, or unitary basis.

Effective January 1, 2013, the Company entered into a Federal Income Tax Sharing Agreement with members of the Voya Financial, Inc. affiliated group. The agreement provides for the manner of calculation and the amounts/timing of the payments for the filing of consolidated federal income tax returns between the parties. The agreement stipulates that Voya Financial, Inc. will pay its subsidiaries for the tax benefits of ordinary and capital losses only to the extent the consolidated tax group uses the tax benefit of losses generated. For the year 2019, the final tax settlement paid by the Company was \$1,093,671.

Guaranty Agreement

Effective July 24, 1998, the Company entered into a Guaranty Agreement with its parent, SLD, whereby SLD issues an unconditional guarantee of all obligations to the Company's policyholders. The guaranty's

purpose was to enable the Company to maintain a stand-alone Standard & Poor's claims-paying rating of "AA." No payments were made pursuant to this Guaranty Agreement in 2019.

FIDELITY BOND AND OTHER INSURANCE

Voya Financial, Inc. maintains both a financial institution bond (Fidelity) and a professional liability (E&O) policy, which are combined by the lead insurer (Chubb) for the first \$50 million. After the first \$50 million, various insurers make up the excess "towers" to reach the respective policy limits (\$100 million for Professional Liability and \$75 million for Financial Institution Bond). The fidelity bond limit was adequate to meet the prescribed minimum coverage specified by the NAIC. Appropriate policies of insurance protect other various interests of the Company.

In addition to the fidelity insurance policy, Voya Financial, Inc. maintains various other insurance coverages, including but not limited to; property, foreclosed property, network security, workers' compensation, and general liability.

STATUTORY AND SPECIAL DEPOSITS

The Company reported statutory and special deposits comprised of U.S. Treasury Bonds held by various Departments of Insurance in compliance with statutory requirements as of December 31, 2019:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
Deposits for the benefit of all Policyholders:		
Indiana	\$ 1,664,672	\$ 1,657,618
All Other Special Deposits:		
Arkansas	109,338	108,895
Georgia	52,454	52,232
New Mexico	417,116	418,792
North Carolina	666,067	663,244
South Carolina	130,640	130,087
U.S. Virgin Islands	534,762	532,598
Total Deposits	<u>\$ 3,575,049</u>	<u>\$ 3,563,466</u>

Note: Amounts are shown in whole dollars and columns may not total due to rounding.

REINSURANCE

Reinsurance Assumed

No premiums were assumed in 2019.

Reinsurance Ceded

Pursuant to an agreement effective June 6, 1988, the Company ceded \$1,931,729 of reserve credits to

Symetra Life Insurance Company on an 80% coinsurance basis during 2019. Ceded reserves were primarily related to a block of flexible premium deferred annuities. The Company also ceded immaterial amounts of premiums to SLD under an automatic Yearly Renewable Term agreement entered into effective January 1, 1984.

RESERVES

Joel King, Vice President and Chief Actuary, is the Appointed Actuary for the Company. The Board appointed Mr. King to render an actuarial opinion on the Company's statutory-basis reserves for 2017 through 2019. Ken Beck, FSA, MAAA, Vice President, and Chief Actuary, rendered an opinion on such reserves for 2016.

The scope of the opinion was to examine the actuarial assumptions and methods used in determining reserves and related actuarial items, as shown in the Company's Annual Statement as prepared for filing with state regulatory officials, as of December 31, 2019. Informing the opinion, information prepared by the Company was relied upon. This information was evaluated for reasonableness and consistency. In other respects, the examination included such review of the actuarial assumptions and methods used, and such tests of the calculations as considered necessary.

The 2019 opinion stated that the amounts carried in the balance sheet on account for policy reserves and related actuarial items: (a) are computed in accordance with presently accepted Actuarial Standards consistently applied and are fairly stated in accordance with sound actuarial principles, (b) are based on actuarial assumptions and methods that produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions, (c) meet the requirements of insurance law and regulations of the State of Indiana and are at least as great as the minimum aggregate amounts required by any State in which this Company is licensed, (d) are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the Annual Statement of the preceding year-end, and (e) include provisions for all reserves and related actuarial items that ought to be established.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The detail trial balance prepared from the Company's general ledger for the year ending December 31, 2019, was agreed to the Annual Statement without exception. The Company's independent auditors concluded that the Company's audited Statutory Financial Statements presented fairly, in all material respects, the financial position of the Company, the results of its operations, and its cash flows for each year during the examination period. The audited Statutory Financial Statements were agreed to the Annual Statement for the year ending December 31, 2019, with no exceptions noted. All of the independent audit work papers were made available to Thomas Consulting during the examination.

The Company's accounts and records are maintained using electronic data processing with the exception of certain items entered manually into the general ledger. The Company maintains adequate supporting work papers, which were reviewed during the examination. The Information Systems controls were reviewed in this examination, and no material exceptions were noted to the control practices and procedures.

Overall, Thomas Consulting determined the Company's accounting procedures, practices, and account records were satisfactory.

FINANCIAL EXHIBITS

Comparative Exhibit – Statutory Statement of Assets
Comparative Exhibit – Statutory Statement of Liabilities, Surplus and Other Funds
Comparative Exhibit - Statutory Summary of Operations
Comparative Exhibit – Statutory Capital and Surplus Account

NOTE: Amounts are shown in whole dollars and columns may not total due to rounding.

MIDWESTERN UNITED LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

Assets

As of December 31, 2019

	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Assets:				
Bonds	\$ 202,755,004	\$ -	\$ 202,755,004	\$ 198,972,208
Preferred stocks	-	-	-	25,000
Mortgage loans on real estate -- first liens	13,230,720	-	13,230,720	17,393,458
Cash, cash equivalents, and short- term investments	6,739,733	-	6,739,733	5,470,918
Contract loans	5,644,348	-	5,644,348	6,436,357
Other invested assets	3,174	-	3,174	7,661
Subtotals, cash and invested assets	<u>\$ 228,372,980</u>	<u>\$ -</u>	<u>\$ 228,372,980</u>	<u>\$ 228,305,602</u>
Investment income due and accrued	\$ 2,132,108	\$ -	\$ 2,132,108	\$ 2,283,750
Uncollected premiums and agents' balances in the course of collection	6,793	-	6,793	(3,983)
Deferred premiums and agents' balances and installments booked but deferred and not yet due	163,702	-	163,702	173,981
Other receivables under reinsurance contracts	153,676	-	153,676	38,380
Current federal and foreign income tax recoverable and interest thereon	26,496	-	26,496	84,158
Net deferred tax asset	494,142	-	494,142	553,688
Guaranty funds receivable or on deposit	6,873	-	6,873	8,654
Receivable from parent, subsidiaries and affiliates	2,499	-	2,499	143,790
Total Assets	<u><u>\$ 231,359,269</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 231,359,269</u></u>	<u><u>\$ 231,588,020</u></u>

MIDWESTERN UNITED LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

Liabilities, Surplus and Other Funds

As of December 31, 2019

	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Liabilities:				
Aggregate reserve for life contracts	\$ 69,585,949	\$ -	\$ 69,585,949	\$ 83,535,391
Liability for deposit-type contracts	14,827,977	-	14,827,977	15,845,985
Contract claims:				
Life	1,265,442	-	1,265,442	1,284,038
Provision for policyholders' dividends payable in following year	416,931	-	416,931	446,447
Premiums and annuity considerations for life and accident and health contracts received in advance	8,568	-	8,568	8,371
Other amounts payable on reinsurance	192,095	-	192,095	47,976
General expenses due and accrued	2,113	-	2,113	2,252
Taxes, licenses and fees due or accrued, excluding federal income taxes	121,082	-	121,082	40,020
Unearned investment income	163,726	-	163,726	169,053
Amounts withheld or retained by company as agent or trustee	4,685	-	4,685	2,459
Remittances and items not allocated	26,993	-	26,993	165,488
Asset valuation reserve	1,266,744	-	1,266,744	1,513,096
Payable to parent, subsidiaries and affiliates	180,131	-	180,131	243,684
Unclaimed Property	98,074	-	98,074	112,622
Total Liabilities	\$ 88,160,511	\$ -	\$ 88,160,511	\$ 103,416,882
Capital and Surplus:				
Common capital stock	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 2,500,000
Gross paid in and contributed surplus	9,393,754	-	9,393,754	9,393,754
Unassigned funds (surplus)	131,305,004	-	131,305,004	116,277,384
Total Surplus	\$ 140,698,758	\$ -	\$ 140,698,758	\$ 125,671,139
Total Capital and Surplus	\$ 143,198,758	\$ -	\$ 143,198,758	\$ 128,171,139
Total Liabilities, Capital and Surplus	\$ 231,359,269	\$ -	\$ 231,359,269	\$ 231,588,020

MIDWESTERN UNITED LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

Summary of Operations

As of December 31, 2019

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Income				
Premium for life and accident and health contracts	\$ 2,698,386	\$ -	\$ 2,698,386	\$ 2,755,278
Considerations for supplementary contracts with life contingencies	195,790	-	195,790	8,880
Net investment income	10,390,936	-	10,390,936	10,120,813
Amortization of Interest Maintenance Reserve	31,284	-	31,284	(1,084)
Aggregate write-ins for miscellaneous income	-	-	-	822
Total Income	\$ 13,316,396	\$ -	\$ 13,316,396	\$ 12,884,709
Expenses				
Death benefits	\$ 5,712,224	\$ -	\$ 5,712,224	\$ 7,081,706
Matured endowments	61,918	-	61,918	269,999
Annuity benefits	306,499	-	306,499	290,160
Coupons, guaranteed annual pure endowments and similar benefits	40,936	-	40,936	42,211
Surrender benefits and withdrawals for life contracts	2,613,218	-	2,613,218	1,813,449
Interest and adjustments on contracts or deposit-type contract funds	419,065	-	419,065	506,013
Payments on supplementary contracts with life contingencies	80,142	-	80,142	71,892
Increase in aggregate reserves for life and accident and health contracts	(13,949,443)	-	(13,949,443)	(4,147,907)
Expenses Subtotal	\$ (4,715,440)	\$ -	\$ (4,715,440)	\$ 5,927,522
Commissions on premiums, annuity considerations, and deposit-type contract funds	\$ 75,371	\$ -	\$ 75,371	\$ 131,695
General insurance expenses	1,402,682	-	1,402,682	1,397,321
Insurance taxes, licenses and fees, excluding federal income taxes	279,168	-	279,168	161,377
Increase in loading on deferred and uncollected premiums	(3,604)	-	(3,604)	(4,180)
Aggregate write-ins for deductions	729	-	729	1,256
Total Expenses	\$ (2,961,093)	\$ -	\$ (2,961,093)	\$ 7,614,991
Net gain from operations before dividends to policyholders and federal income taxes	\$ 16,277,489	\$ -	\$ 16,277,489	\$ 5,269,717
Dividends to policyholders	284,794	-	284,794	328,080

Net gain from operations after dividends to policyholders and before federal income taxes	\$ 15,992,696	\$ -	\$ 15,992,696	\$ 4,941,637
Federal and foreign income taxes incurred	<u>1,290,628</u>	<u>-</u>	<u>1,290,628</u>	<u>1,092,028</u>
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	<u>\$ 14,702,067</u>	<u>\$ -</u>	<u>\$ 14,702,067</u>	<u>\$ 3,849,609</u>
Net realized capital gains (losses)	(343,423)	-	(343,423)	27,622
Net Income	<u>\$ 14,358,644</u>	<u>\$ -</u>	<u>\$ 14,358,644</u>	<u>\$ 3,877,231</u>

MIDWESTERN UNITED LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

Capital and Surplus Account

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Capital and Surplus Account:				
Capital and surplus, December 31, prior year	<u>\$ 128,171,139</u>	<u>\$ 124,194,303</u>	<u>\$ 131,378,537</u>	<u>\$ 127,684,648</u>
Net income	<u>\$ 14,358,644</u>	<u>\$ 3,877,231</u>	<u>\$ (6,012,991)</u>	<u>\$ 3,696,397</u>
Change in net unrealized capital gains (losses) less capital gains tax	(3,542)	37	(11,659)	(919)
Change in net deferred income tax	(2,208,337)	(55,579)	1,201,585	23,600
Change in non-admitted assets	2,618,347	165,311	(2,173,823)	161,676
Change in asset valuation reserve	246,352	(10,165)	(187,346)	(179,391)
Cumulative effect of changes in accounting principles	16,155	-	-	-
Aggregate write-ins for gains and losses in surplus	-	-	-	(7,474)
Net change in capital and surplus for the year	<u>\$ 15,027,619</u>	<u>\$ 3,976,836</u>	<u>\$ (7,184,234)</u>	<u>\$ 3,693,888</u>
Capital and surplus, December 31, current year	<u>\$ 143,198,758</u>	<u>\$ 128,171,139</u>	<u>\$ 124,194,303</u>	<u>\$ 131,378,537</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2019, based on the examination results.

OTHER SIGNIFICANT FINDINGS

Oath of Office

During the period covered by this examination, certain directors did not take and subscribe to an oath of office when elected as required by IC 27-1-7-10 (i) (See page 5).

It is recommended that all directors take and subscribe to an oath of office when elected as required by IC 21-1-7-10 (i).

SUBSEQUENT EVENTS

Pandemic Risk

On March 11, 2020, the World Health Organization declared an outbreak of the coronavirus (COVID-19). The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulatory decisions, and the impact on the financial markets, all of which are uncertain and cannot be predicted. Due to the timing of the examination and fieldwork, the effects of COVID-19 on this entity are not fully addressed within this examination report.

Resolution Transaction

On December 18, 2019, Voya Financial, Inc. entered into a Master Transaction Agreement (Resolution MTA) with Resolution Life U.S. Holdings Inc., a Delaware corporation (Resolution Life U.S.), pursuant to which Resolution Life U.S. will acquire all of the shares of the capital stock of SLD and Security Life of Denver International Limited (SLDI), including the capital stock of several subsidiaries of SLD (including the Company) and SLDI. The transaction closed on January 4, 2021. The Resolution MTA resulted in Voya Financial, Inc.'s disposition of substantially all of its life insurance and legacy non-retirement business and related assets.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, Thomas Consulting obtained a management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and provided to Thomas Consulting.

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 The Thomas Consulting Group, Inc., performed an examination of the **Midwestern United Life Insurance Company** as of **December 31, 2019**.

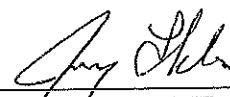
The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

The examination was performed in accordance with those procedures required by the 2019 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 standard 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 the condition of the **Midwestern United Life Insurance Company** as of **December 31, 2019**, as determined by the undersigned.



David L. Daulton, CFE
The Thomas Consulting Group, Inc.




Jerry Ehlers, CFE, CPA
Indiana Department of Insurance

State of: **DARCY L. SHAWVER**
County of: **NOTARY PUBLIC**
SEAL
MARION COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES OCTOBER 4, 2026
COMMISSION NO 706053

On this 14th day of June, 2019, before me personally appeared, David L. Daulton 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 October 4, 2026 

Notary Public 