

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

IN THE MATTER OF: )  
 )  
**The State Life Insurance Company** )  
**One American Square** )  
**Indianapolis, Indiana 46282-0001** )

Examination of: **The State 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 The State 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 21, 2021, 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 The State 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 14, 2021  
Date

  
Roy Eft  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7016 2070 0001 1479 8421**

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**The State Life Insurance Company** )  
**One American Square** )  
**Indianapolis, Indiana 46282-0001** )

Examination of: **The State Life Insurance Company**

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of The State Life Insurance Company (hereinafter “Company”) for the time period January 1, 2015 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 20, 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 21, 2021 and was received by the Company on May 26, 2021.

The Company did not file any objections.

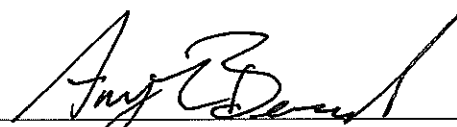
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of The State Life Insurance Company as of December 31, 2019.
2. That the Examiner’s Recommendations are reasonable and necessary in order for The State 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 14 day of  
June, 2021.

  
\_\_\_\_\_  
Amy L. Beard  
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.

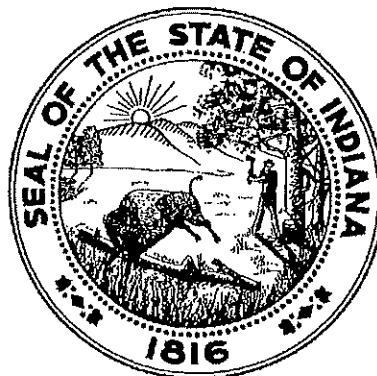
Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

**STATE OF INDIANA**  
**Department of Insurance**  
**REPORT OF EXAMINATION**  
**OF**

**THE STATE LIFE INSURANCE COMPANY**  
NAIC Co. CODE 69116  
NAIC GROUP CODE 0619

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/idoi](http://in.gov/idoi)

April 20, 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 4042, an examination has been made of the affairs and financial condition of:

**The State Life Insurance Company  
One American Square  
Indianapolis, Indiana 46282-0001**

hereinafter referred to as the "Company", or "SLIC", an Indiana domestic stock, life 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, 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
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## SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2010 through December 31, 2014. The present risk focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2015 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 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 the Indiana domestic insurance companies of OneAmerica Financial Partners, Inc. (OneAmerica) was called by the 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, and the North Dakota Insurance Department served as participants.

Mark E. Alberts, FSA, MAAA, of Alberts Actuarial Consulting, LLC, provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2019.

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

SLIC is an Indiana domiciled stock, life insurance company and is headquartered in Indianapolis, Indiana.

In 2004, SLIC converted from a mutual life insurance company to a stock life insurance company. SLIC is a wholly-owned stock subsidiary of OneAmerica, an intermediate stock holding company. American United Mutual Insurance Holding Company (AUMIHC), a mutual insurance holding company, owns OneAmerica. AUMIHC will at all times, in accordance with the Indiana Mutual Holding Company Law, control a majority of the voting shares of the capital stock of SLIC. Policyholder membership rights exist at AUMIHC while the policyholder contract rights remain with SLIC.

In October 2005, SLIC acquired, through an indemnity reinsurance transaction, the Financial Services Division of Golden Rule Insurance Company (GRIC). As a result of the acquisition, SLIC's Care Solutions Portfolio includes Annuity Care (annuity with Long Term Care (LTC) benefits), ImmediateCare (immediate annuity for individuals currently receiving long-term care), Asset-Care (whole life insurance with LTC benefits), and Legacy Care (senior-focused deferred annuity).



American United Life Insurance Company (AULIC) guarantees the insurance liabilities of SLIC in the event SLIC becomes unable to honor those liabilities.

### CAPITAL AND SURPLUS

As of December 31, 2019, the Company had 30,000 shares of common stock authorized with a par value of \$100 per share. All 30,000 shares issued and outstanding are held by OneAmerica. The Company has no preferred stock outstanding.

### DIVIDENDS TO STOCKHOLDERS

The Company paid the following dividends, (in 000s), to the OneAmerica during the examination period:

Year	Total	Ordinary Dividends	Extraordinary Dividends
2019	\$ -	\$ -	\$ -
2018	-	-	-
2017	30,000	30,000	-
2016	-	-	-
2015	-	-	-
Total	<u>\$ 30,000</u>	<u>\$ 30,000</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. 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

SLIC is currently licensed to sell life insurance in forty-nine (49) states and the District of Columbia. The Company primarily markets its products through a nationwide network of brokerage general agencies. The Company is focused on the asset-based long-term care market and offers a comprehensive portfolio of long-term care life and annuity insurance products, in addition to the GRIC assumed block. As noted in the History section, the Company acquired the Financial Services Division of GRIC.

### GROWTH OF THE COMPANY

The following exhibit summarizes the financial results, (in 000s), of the Company during the examination period:

Year	Admitted Assets**	Liabilities	Surplus and Other Funds	Premiums Earned	Net Income
2019	\$ 9,334,498	\$ 8,789,535	\$ 544,962	\$ 625,901	\$ 61,063
2018	8,490,203	7,994,248	495,956	705,345	48,118
2017	7,828,025	7,389,214	438,811	31,275	20,049
2016	6,754,115	6,294,297	459,818	788,372	16,922
2015	6,119,328	5,692,461	426,867	643,666	37,325

\*\*The balances include immaterial balancing differences.

The overall increase in admitted assets and liabilities during the exam period was primarily driven by the growth of business, primarily by the Care Solutions product.

The decrease in premium earned from 2016 to 2017 was due to a new coinsurance and modified coinsurance agreement with London Life Reinsurance Company, which was entered in 2017 to support the growth of the Care Solutions business. The agreement resulted in \$785.6 million in ceded premiums during 2017.

## 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 six (6) and no more than eighteen (18) directors. No person shall be eligible for election as a director who has reached, or will reach, their seventy-second birthday in the year of election, and is retired from their business or profession.

The following is a listing of persons serving as directors as of December 31, 2019, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
J. Scott Davison Zionsville, Indiana	Chairman, President, and Chief Executive Officer OneAmerica Financial Partners, Inc.
Richard Ellery Carmel, Indiana	Senior Vice President, General Counsel, and Secretary OneAmerica Financial Partners, Inc.
Jeffrey Holley Zionsville, Indiana	Executive Vice President, Finance, Operations and Institutional Markets OneAmerica Financial Partners, Inc.
John Mason Fishers, Indiana	Senior Vice President and Chief Investment Officer OneAmerica Financial Partners, Inc.
Sandra McCarthy Indianapolis, Indiana	President of Retirement Services OneAmerica Financial Partners, Inc.
Karin Sarratt Carmel, Indiana	Senior Vice President and Chief Human Resource Officer OneAmerica Financial Partners, Inc.

### Officers

The Bylaws state that the elected officers of the Company shall consist of a Chairman of the Board, a President, a Chief Executive Officer, one (1) or more Senior Vice Presidents, one (1) or more additional Vice Presidents, a General Counsel, a Treasurer, a Secretary, a Controller, a Chief Actuary, and such other officers as the Board may elect. The Chairman of the Board, the President, and the Chief Executive Officer shall be chosen from among the directors of the corporation, and if any one (1) of those officers ceases to be a director, they shall cease to hold that office as soon as their successor is elected and qualified. More than one (1) office may be held by the same person, except the duties of the President and Secretary shall not be performed by the same person.

The following is a list of key officers and their respective titles as of December 31, 2019:

<u>Name</u>	<u>Office</u>
J. Scott Davison	Chairman, President, and Chief Executive Officer
Jeffrey Holley	Executive Vice President, Finance, Operations and Institutional Markets
Richard Ellery	Senior Vice President, General Counsel, and Secretary
James Humphrey	Actuary
Christopher Coudret	Executive Vice President
David Brentlinger	Senior Vice President
Dennis Martin	President – Individual Life and Financial Services
Andrew Michie	Senior Vice President
George Graessle IV	Vice President, Treasurer and Controller
Jay Williams	Vice President
Dennis Sandelski	Assistant Vice President
Nancy Moore	Senior Director

### 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, 2019.

### 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 December 31, 2019.

### 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. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year.

The AUMIHC committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Audit Committee, Corporate Governance and Nominating Committee, Executive Committee, and Investment Committee.

## AFFILIATED COMPANIES

### Organizational Structure

The following organizational chart shows the Company’s parent and subsidiaries as of December 31, 2019:

	NAIC Co. Code	Domiciliary State/Country
American United Mutual Insurance Holding Company		
OneAmerica Financial Partners, Inc.		IN
OneAmerica Asset Management, LLC		IN
McCready & Keene, Inc.		IN
OneAmerica Retirement Services, LLC		IN
OneAmerica Investment Advisory Services, LLC		IN
NewOhio, LLC		IN
OldOhio, LLC		IN
<b>Pioneer Mutual Life Insurance Company</b>	<b>67911</b>	<b>ND</b>
<b>The State Life Insurance Company</b>	<b>69116</b>	<b>IN</b>
MRO-S, LLC		IN
<b>American United Life Insurance Company</b>	<b>60895</b>	<b>IN</b>
AUL Reinsurance Management Services, LLC		NJ
OneAmerica Securities, Inc.		IN
MRO-A, LLC		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.

#### *Loan Agreement:*

In 2008, AULIC, SLIC, Pioneer Mutual Life Insurance Company (PMLIC), and OneAmerica entered into a loan agreement under which they may make certain loans to one another, on an ongoing basis, for liquidity and general corporate purposes. In January 2018, SLIC loaned OneAmerica \$30.0 million under this loan agreement. This loan was repaid in September 2018. No loans are outstanding pursuant to this agreement as of December 31, 2019.

#### *Administrative Services Agreements*

AULIC provides administrative and management services to SLIC and PMLIC. Under this agreement both SLIC and PMLIC also provide administrative and management services to AULIC for a fee. AULIC earned fees of \$41.4 million from SLIC in 2019. In 2019, neither SLIC nor PMLIC provided administrative and management services to AULIC.

#### *Investment Agreements*

SLIC entered into an agreement with OneAmerica Asset Management, LLC (OAM) to provide investment management services. Under this agreement, OAM acts as an investment manager for SLIC for an annual fee in an amount sufficient to cover OAM's services. Under this agreement, SLIC paid \$6.8 million in 2019.

#### *Consolidated Federal Income Tax Allocation Agreement*

AULIC, SLIC, and PMLIC are parties to a tax sharing agreement with OneAmerica whereby the companies file a consolidated tax return with other affiliates. The method of allocation between the companies is based upon separate tax return calculations with current credit for losses and tax credits.

### **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 Fidelity and Deposit Company of Maryland. The bond covers the AUMIHC group and has a single loss coverage limit of \$10 million with a \$250,000 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 as of December 31, 2019, including but not limited to business automobile, business travel, computer crime, cyber, excess fidelity, foreign, general liability, mortgage protection, property, umbrella, and workers' compensation.

### **PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS**

SLIC has no employees. All personnel are employees of AULIC and provide services to SLIC pursuant to the terms of the Administrative Management Agreement.

#### Consolidated/Holding Company Plan

OneAmerica sponsors a qualified, noncontributory defined benefit pension plan covering substantially all of its employees. OneAmerica charges AULIC and then AULIC allocates to its affiliates a share of the total cost of the pension plan based on allocation and/or salary ratios. The Company has no legal obligation for benefits under this plan.

AULIC sponsors a defined contribution plan that covers substantially all employees. The plan is a profit-sharing arrangement under section 401(k) of the Internal Revenue Code, which also includes a salary/reduction saving feature. AULIC contributes a match for participants who complete one (1) full calendar year of employment. The match is 50% of a participant's elective deferral amounts on the first 6% of eligible compensation. Matching contributions are capped at 3% of eligible compensation. The Company has no legal obligation for benefits under this plan.

AULIC sponsors a post retirement benefit plan, which provides certain dental, health, life, and vision benefits upon retirement. AULIC allocates to the Company a share of the total accumulated costs of these postretirement benefits. The Company has no legal obligation for the benefits under this plan.

## SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits, (in 000s), as of December 31, 2019:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Indiana	\$ 1,500	\$ 1,507
All Other Special Deposits:		
Arkansas	130	131
Georgia	55	56
Massachusetts	100	100
New Mexico	210	210
North Carolina	480	483
Total Deposits	<u>\$ 2,475</u>	<u>\$ 2,487</u>

## REINSURANCE

### Reinsurance Assumed

In 2005, the Company acquired GRIC, as described in the History section of this Report of Examination. This acquisition was facilitated using indemnity reinsurance as the transfer vehicle. In 2019, it accounted for over 97% of total assumed premiums and over 99% corresponding reserves totaling \$31.0 million and \$1.5 billion, respectively. At the time of the acquisition, the Company also acquired the underlying administrative platforms and now manages the ongoing administration of this business.

There were no new material reinsurance assumed transactions initiated by the Company during the examination period.

### Reinsurance Ceded

In 2017, the Company entered into a coinsurance and modified coinsurance treaty with The Canada Life Insurance Company, covering 90% of their Asset Care I product business. The transaction was initiated primarily to aid in financing future growth of the Company's Care Solution product. In 2019, this transaction resulted in ceded premiums totaling \$464 million and ceded reserves of \$98 million, and an additional \$1.44 billion in modified coinsurance reserves.

In 2018, the Company entered into a fully guaranteed yearly renewable term treaty with Hannover Life Reassurance Company of America covering their Asset Care I-IV products, including the continuation of benefit riders associated with this product. In 2019, this transaction resulted in a total of \$1.1 million and \$7.3 million of ceded premiums and reserves for the Company.

The third significant component of the Company's reinsurance ceded involved cessions related to the Employers Reassurance Corporation (ERAC) sale transaction in 2002. This component covered ceded premiums and reserves of \$20 million and \$635 million, respectively. Of the \$635 million in reserves ceded in relation to this transaction, all except \$21 million relate to a block of the Company's direct LTC business which was included in the original ERAC sale transaction.

## 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, 2018 and December 31, 2019, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2018 through December 31, 2019, 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

### THE STATE LIFE INSURANCE COMPANY

#### Assets

As of December 31, 2019

(in 000s)

	<u>Per Examination*</u>
Bonds	\$ 7,580,772
Stocks:	
Preferred stocks	1,000
Common stocks	43,587
Mortgage loans on real estate:	
First liens	1,188,564
Cash, cash equivalents and short-term investments	111,567
Contract loans	24,159
Derivatives	15,357
Other invested assets	119,569
Receivables for securities	961
Securities lending reinvested collateral assets	124,680
Subtotals, cash and invested assets	<u>9,210,216</u>
Investment income due and accrued	73,732
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	8,620
Deferred premiums, agents' balances and installments booked but deferred and not yet due	11,927
Reinsurance:	
Amounts recoverable from reinsurers	3,423
Other amounts receivable under reinsurance contracts	205
Net deferred tax asset	26,075
Guaranty funds receivable or on deposit	<u>300</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>9,334,498</u>
Totals	<u>\$ 9,334,498</u>

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



THE STATE LIFE INSURANCE COMPANY  
Liabilities, Surplus and Other Funds  
As of December 31, 2019  
(in 000s)

	<u>Per Examination*</u>
Aggregate reserve for life contracts	\$ 7,610,968
Aggregate reserve for accident and health contracts	386
Liability for deposit-type contracts	909,184
Contract claims:	
Life	9,949
Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year - estimated amounts:	
Policyholders' dividends and refunds to members apportioned for payment	1,508
Premiums and annuity considerations for life and accident and health contracts received in advance less discount; including accident and health premiums	555
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance including assumed and ceded	264
Interest maintenance reserve	6,340
Commissions and expense allowances payable on reinsurance assumed	595
Taxes, licenses and fees due or accrued, excluding federal income taxes	3,527
Current federal and foreign income taxes, including realized capital gains	9,846
Unearned investment income	696
Amounts withheld or retained by company for account of others	1,134
Remittances and items not allocated	21,880
Miscellaneous liabilities:	
Asset valuation reserve	61,652
Payable to parent, subsidiaries and affiliates	1,508
Derivatives	12,299
Payable for securities	90
Payable for securities lending	124,680
Aggregate write-ins for liabilities	12,474
Total liabilities excluding Separate Accounts business	<u>8,789,535</u>
Total Liabilities	<u>8,789,535</u>
Common capital stock	3,000
Surplus notes	30,000
Gross paid in and contributed surplus	110,550
Unassigned funds (surplus)	401,412
Surplus	<u>541,962</u>
Capital and Surplus	<u>544,962</u>
Totals**	<u>\$ 9,334,498</u>

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

\*\*The balances include immaterial balancing differences.

THE STATE LIFE INSURANCE COMPANY  
Summary of Operations  
For the Year Ended December 31, 2019  
(in 000s)

	<u>Per Examination*</u>
Premiums and annuity considerations for life and accident and health contracts	\$ 625,901
Net investment income	316,952
Amortization of Interest Maintenance Reserve	2,171
Commissions and expense allowances on reinsurance ceded	59,362
Reserve adjustments on reinsurance ceded	446,519
Total**	<u>1,450,906</u>
Death benefits	94,855
Matured endowments (excluding guaranteed annual pure endowments)	46
Annuity benefits	105,144
Disability benefits and benefits under accident and health contracts	225
Surrender benefits and withdrawals for life contracts	145,344
Interest and adjustments on contract or deposit-type contract funds	24,370
Payments on supplementary contracts with life contingencies	226
Increase in aggregate reserves for life and accident and health contracts	749,357
Total**	<u>1,119,568</u>
Commissions on premiums, annuity considerations, and deposit-type contract funds	126,606
Commissions and expense allowances on reinsurance assumed	876
General insurance expenses and fraternal expenses	83,099
Insurance taxes, licenses and fees, excluding federal income taxes	17,112
Increase in loading on deferred and uncollected premiums	3,398
Aggregate write-ins for deductions	824
Total	<u>1,351,482</u>
Net gain from operations before dividends to policyholders, refunds to members and federal income taxes	99,424
Dividends to policyholders and refunds to members	<u>848</u>
Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes**	98,575
Federal and foreign income taxes incurred	<u>38,521</u>
Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses)	60,054
Net realized capital gains less capital gains tax	<u>1,009</u>
Net income	<u>\$ 61,063</u>

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

\*\*The balances include immaterial balancing differences.

THE STATE LIFE INSURANCE COMPANY  
 Capital and Surplus Account Reconciliation  
 (in 000s)

	2019	2018	2017	2016	2015
Surplus as regards policyholders, December 31 prior year	\$ 495,956	\$ 438,811	\$ 459,818	\$ 426,867	\$ 354,163
Net income	61,063	48,118	20,049	16,922	37,325
Change in net unrealized capital gains or (losses) less capital gains tax	2,121	(1,047)	379	1,436	(59)
Change in net deferred income tax	18,983	14,661	(9,172)	7,849	(11,888)
Change in nonadmitted assets	(16,080)	(16,986)	2,042	(2,860)	13,722
Change in provision for reinsurance	-	-	15	1	(10)
Change in asset valuation reserve	(10,074)	(5,891)	(6,042)	(3,296)	(3,438)
Cumulative effect of changes in accounting principles	-	-	1,722	-	-
Dividends to stockholders	-	-	(30,000)	-	-
Aggregate write-ins for gains and losses in surplus	(7,006)	18,290	-	12,898	37,053
Change in surplus as regards policyholders for the year**	49,007	57,145	(21,007)	32,951	72,704
Surplus as regards policyholders, December 31 current year**	<u>\$ 544,962</u>	<u>\$ 495,956</u>	<u>\$ 438,811</u>	<u>\$ 459,818</u>	<u>\$ 426,867</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, 2019, based on the results of this examination.

## SUBSEQUENT EVENTS

The Company continues to monitor the impact of the COVID-19 outbreak on their business. The Company is unable to accurately estimate the impact of COVID-19 on their business due to numerous uncertainties, including the severity and duration of the outbreak, actions that may be taken by government authorities, and the severity and duration of the economic impact of the outbreak. The Company has enacted its business continuity plan and has the ability to sustain and support its operations and to meet the obligations to the policyholders and claimants.

In September 2020, OneAmerica issued \$400 million 4.25% senior notes due in 2050. The proceeds are intended to be used for general corporate purposes, including deploying the majority of the net proceeds to AULIC.

**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 Mark Alberts, performed an examination of The State 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.

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 The State Life Insurance Company as of December 31, 2019, as determined by the undersigned.

*Vitaliy Kyryk*

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Vitaliy Kyryk, CFE  
Noble Consulting Services, Inc.

Under the Supervision of:

*Jerry Ehlers*

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

State of: Indiana  
County of: Marion

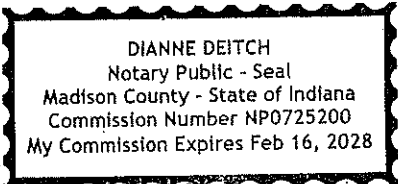
On this 21 day of April, 2021, before me personally appeared, Vitaliy Kyryk and Jerry Ehlers, to sign this document.

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: February 16, 2028

*Dianne Deitch*

\_\_\_\_\_  
Notary Public



*Dianne Deitch*

\_\_\_\_\_  
Notary Public

