

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

IN THE MATTER OF:)
)
USA Life One Insurance Company of Indiana)
7735 Loma Court)
Fishers, Indiana 46038)

Examination of: USA Life One Insurance Company of Indiana


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of USA Life One Insurance Company of Indiana, 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 USA Life One Insurance Company of Indiana 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.

May 13, 2022
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 6550

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

IN THE MATTER OF:)
)
USA Life One Insurance Company of Indiana)
7735 Loma Court)
Fishers, Indiana 46038)

Examination of: **USA Life One Insurance Company of Indiana**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the USA Life One Insurance Company of Indiana (hereinafter “Company”) for the time period January 1, 2016 through December 31, 2020.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on March 3, 2022.

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 April 1, 2022 and was received by the Company on April 1, 2022.

On May 4, 2022, 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, 2020.
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 13 day of
may, 2022.



Amy L. 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

USA LIFE ONE INSURANCE COMPANY OF INDIANA
NAIC Co. CODE 70955

As of

December 31, 2020

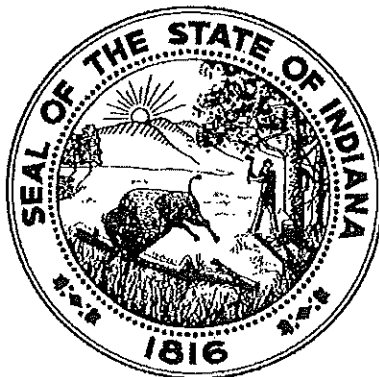


TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION.....	2
HISTORY.....	2
CAPITAL AND SURPLUS.....	2
TERRITORY AND PLAN OF OPERATION.....	2
GROWTH OF THE COMPANY.....	3
MANAGEMENT AND CONTROL.....	3
DIRECTORS.....	3
OFFICERS.....	4
CONFLICT OF INTEREST.....	4
OATH OF OFFICE.....	4
CORPORATE RECORDS.....	4
ARTICLES OF INCORPORATION.....	4
BYLAWS.....	5
MINUTES.....	5
AFFILIATED COMPANIES.....	5
ORGANIZATIONAL STRUCTURE.....	5
AFFILIATED AGREEMENTS.....	5
FIDELITY BOND AND OTHER INSURANCE.....	5
PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS.....	6
SPECIAL AND STATUTORY DEPOSITS.....	6
REINSURANCE.....	6
CEDED REINSURANCE.....	6
ASSUMED REINSURANCE.....	6
ACCOUNTS AND RECORDS.....	6
FINANCIAL STATEMENTS.....	7
ASSETS.....	7
LIABILITIES, SURPLUS AND OTHER FUNDS.....	8
STATEMENT OF OPERATIONS.....	9
CAPITAL AND SURPLUS ACCOUNT RECONCILIATION.....	10
COMMENTS ON THE FINANCIAL STATEMENTS.....	11
OTHER SIGNIFICANT ISSUES.....	11
SUBSEQUENT EVENTS.....	11
AFFIDAVIT.....	12



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

March 3, 2022

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 4091, an examination has been made of the affairs and financial condition of:

USA Life One Insurance Company of Indiana
7735 Loma Court
Fishers, Indiana 46038

hereinafter referred to as the "Company", or "USA Life", an Indiana mutual, life insurance company. The examination was conducted remotely with the cooperation of the corporate offices of the Company in Fishers, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2020, 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) and covered the period from January 1, 2011 through December 31, 2015. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2016 through December 31, 2020, 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 INDOI contracted Mark Alberts, FSA, MAAA, of Alberts Actuarial Consulting, LLC to provide all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2020.

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 mentioned 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 a fraternal benefit society on January 8, 1894 under Indiana laws as the Supreme Tribe of Ben Hur. It reincorporated on February 20, 1900, and on June 26, 1930, changed its name to Ben Hur Life Association. Effective June 30, 1989, the Company converted to a mutual legal reserve life insurance company and the name was changed to USA Life Insurance Company. On June 15, 1990, in order to avoid objections raised by an insurer with a similar name, the Company changed its name to USA Life One Insurance Company of Indiana. The Company has a non-insurance subsidiary, Life One Financial Corporation (formerly Ben Hur Company, Inc.), which has been inactive during the period of examination.

CAPITAL AND SURPLUS

The Company is a mutual insurance company and as such is owned by its policyholders. The Company did not pay dividends to policyholders during the exam period.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in twelve (12) states: Arkansas, California, Illinois, Indiana, Iowa, Kentucky, Michigan,

Missouri, North Carolina, Ohio, Pennsylvania, and Tennessee.

The Company is authorized in Indiana to write life, annuity, and accident and health coverages. Life insurance premiums collected represent renewal premiums as no new life insurance policies were issued during the examination period. The Company is not currently marketing life, annuity, or accident and health products.

GROWTH OF THE COMPANY

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

Year	Admitted Assets	Liabilities	Surplus and Other Funds	Premiums Earned	Net Income
2020	\$ 31,854,877	\$ 18,131,888	\$ 13,722,989	\$ 456,111	\$ 26,262
2019	32,479,688	18,638,177	13,841,511	501,787	41,339
2018	33,387,128	19,622,378	13,764,750	573,527	2,130
2017	34,950,736	20,978,837	13,971,899	646,517	22,089
2016	35,567,312	21,653,772	13,913,540	747,439	35,669

The Company's assets have not fluctuated significantly throughout the examination period. Bonds, cash, and short-term investments accounted for nearly all of the total assets for all years under examination.

The decrease in liabilities and decrease in surplus from 2016 to 2020 was primarily due to the decrease in policy reserves.

The fluctuations in net income from 2016 to 2020 were primarily due to the amount of investment income earned during the year. All premium earned during the exam period is renewal premium. The decrease in the net income in 2018 was primarily due to the recapture transaction for the Western Catholic Union reinsurance agreement.

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 five (5) members. The policyholders, at each annual meeting, elect the members of the Board.

The following is a listing of persons serving as directors as of December 31, 2020, and their principal occupations as of that date:

Name and Address	Principal Occupation
David D. Castillo Lisle, Illinois	Insurance Consultant Self employed
Mark D. Pufahl Fishers, Indiana	Senior Vice President and Secretary USA Life One Insurance Company of Indiana
Charles A. Russell Marion, Iowa	Chief Executive Officer and Treasurer USA Life One Insurance Company of Indiana

Merle W. Smith*
Crawfordsville, Indiana

Retired

Roger W. Smith
Indianapolis, Indiana

Chairman of the Board and President
USA Life One Insurance Company of Indiana

*Merle Smith passed away in early 2021 resulting in a vacancy on the Board. The Company is searching for a replacement independent board member. The vacancy caused the Company to be out of compliance with the bylaws and IC 27-1-7-10(a) that requires the Company to maintain no less than five (5) directors.

Officers

The Bylaws state that the principal officers of the Company shall consist of a Chairman of the Board, a Chief Executive Officer, a President, one (1) or more Vice Presidents, a Treasurer, and a Secretary. Each of these officers is elected by the Board and shall hold office for a designated term or if no term is specified, an officer shall hold office until such officer's resignation, death or removal.

The following is a list of key officers and their respective titles as of December 31, 2020:

<u>Name</u>	<u>Office</u>
Roger W. Smith	Chairman of the Board and President
Mark D. Pufahl	Vice President, Secretary and Chief Operating Officer
Charles A. Russell	Chief Executive Officer and Treasurer

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, 2020.

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, 2020.

CORPORATE RECORDS

Articles of Incorporation

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

Bylaws

There were two (2) amendments made to the Bylaws during the examination period. The April 5, 2018 amendment removed the retirement age requirement for directors. The August 12, 2016 amendment updated language for the policyholder proxies at the annual meeting.

Minutes

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

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws state that the annual meeting of the policyholders shall be held on the second (2nd) Thursday of April each year. For each year under review, the annual meeting of policyholders was held within five (5) months following the close of each fiscal year.

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

AFFILIATED COMPANIES

Organizational Structure

The following organizational chart shows the Company's subsidiary as of December 31, 2020:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
USA Life One Insurance Company of Indiana Life One Financial Corporation	70955	IN IN

Affiliated Agreements

The Company does not have any related party transactions or agreements between companies during the exam period.

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 Travelers Casualty and Surety Company of America. The bond has a single loss coverage limit of \$500,000 with a \$10,000 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, 2020, including but not limited to

property contents and business property liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company has a defined benefit pension plan covering substantially all employees and some agents. As a matter of policy, pension costs are funded as they accrue, and vested benefits are fully funded. The amount of accumulated benefit obligation for defined pension plans was \$3,065,838 and \$3,014,484 for 2020 and 2019 respectively.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits as of December 31, 2020:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Indiana	\$2,064,651	\$2,265,609
All Other Special Deposits:		
Arkansas	201,241	211,809
North Carolina	410,996	465,802
Total Deposits	<u>\$2,676,888</u>	<u>\$2,943,220</u>

REINSURANCE

Ceded Reinsurance

The Company cedes reinsurance to Optimum Re Insurance Company and Scottish Re U.S. Inc. The goal of these programs is to limit exposures from \$50,000 to \$75,000. These ceded reinsurance contracts are in place for life policies sold many years ago.

USA Life has set up a voluntary reserve for an immaterial number of other policies where its retention is greater than desired.

Assumed Reinsurance

The Company assumes reinsurance from Western Catholic Union. Premiums assumed for life contracts in 2020 were \$104,515. The agreement covers policies written prior to December 2012, with no new business being reinsured.

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 balance prepared from the Company's general ledger for the year ended December 31, 2020 was agreed to the Annual Statement. The Annual Statement for the year ended December 31, 2020 was agreed to the independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

USA LIFE ONE INSURANCE COMPANY OF INDIANA
Assets
As of December 31, 2020

	<u>Per Examination*</u>
Bonds	\$ 25,391,311
Stocks:	
Common stocks	1,679
Cash, cash equivalents and short-term investments	5,764,944
Contract loans	416,665
Subtotals, cash and invested assets	<u>31,574,599</u>
Investment income due and accrued	270,053
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	2,998
Reinsurance:	
Other amounts receivable under reinsurance contracts	6,011
Electronic data processing equipment and software	1,216
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>31,854,877</u>
Totals	<u>\$ 31,854,877</u>

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

USA LIFE ONE INSURANCE COMPANY OF INDIANA
 Liabilities, Surplus and Other Funds
 As of December 31, 2020

	<u>Per Examination*</u>
Aggregate reserves for life contracts	\$ 17,321,510
Liability for deposit-type contracts	89,856
Contract claims:	
Life	155,362
Contract liabilities not included elsewhere:	
Interest maintenance reserve	(8,037)
General expenses due or accrued	73,190
Taxes, licenses and fees due or accrued excluding federal income taxes	102,633
Net deferred tax liability	61,135
Unearned investment income	15,919
Amounts withheld or retained by reporting entity as agent or trustee	92,310
Remittances and items not allocated	710
Miscellaneous liabilities:	
Asset valuation reserve	227,300
Total liabilities	18,131,888
Unassigned funds (surplus)	13,722,989
Surplus	13,722,989
Totals	\$ 31,854,877

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

USA LIFE ONE INSURANCE COMPANY OF INDIANA
Statement of Operations
For the Year Ended December 31, 2020

	Per Examination*
Premiums and annuity considerations for life and accident and health contracts	\$ 456,111
Net investment income	1,180,171
Amortization of Interest Maintenance Reserve	13,760
Commissions and expense allowances on reinsurance ceded	2,176
Miscellaneous Income:	
Aggregate write-ins for miscellaneous income	52
Totals	<u>1,652,270</u>
Death benefits	927,958
Annuity benefits	34,510
Disability benefits and benefits under accident and health contracts	232
Surrender benefits and withdrawals for life contracts	264,347
Interest and adjustments on contract or deposit-type contract funds	2,399
Increase in aggregate reserves for life and accident and health contracts	(572,264)
Totals	<u>657,182</u>
Commissions on premiums, annuity considerations, and deposit-type contract funds	4,413
Commissions and expense allowances on reinsurance assumed	21,277
General insurance expenses and fraternal expenses	773,144
Insurance taxes, licenses and fees, excluding federal income taxed	84,309
Increase in loading on deferred and uncollected premiums	74
Totals	<u>1,540,399</u>
Net gain from operations before dividends to policyholders, refunds to members and federal income taxes	<u>111,871</u>
Net gain from operations after dividends to policyholders, refunds to members and federal income taxes	<u>111,871</u>
Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses)	111,871
Net realized capital gains (losses) less capital gains tax	(85,609)
Net income	<u>\$ 26,262</u>

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

USA LIFE ONE INSURANCE COMPANY OF INDIANA
Capital and Surplus Account Reconciliation

	2020	2019	2018	2017	2016
Capital and surplus, December 31, prior year	\$13,841,511	\$13,764,750	\$13,971,899	\$13,913,540	\$14,098,388
Net income	26,262	41,339	2,130	22,089	35,669
Change in net unrealized capital gains or (losses) less capital gains tax	(436)	703	(107)	(38,352)	9,966
Change in net deferred income tax	(68,461)	7,326	(68,824)	(45,929)	(110,328)
Change in nonadmitted assets	(121,893)	64,696	(95,825)	44,408	(102,265)
Change in asset valuation reserve	46,006	(37,303)	(42,708)	76,143	(17,890)
Aggregate write-ins for gains and losses in surplus	-	-	(1,815)	-	-
Net change in capital and surplus for the year	(118,522)	76,761	(207,149)	58,359	(184,848)
Capital and surplus, December 31, current year	<u>\$13,722,989</u>	<u>\$13,841,511</u>	<u>\$13,764,750</u>	<u>\$13,971,899</u>	<u>\$13,913,540</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2020, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no significant issues noted during the examination.

SUBSEQUENT EVENTS

The Company, at the time of the report, is not in compliance with IC 27-1-7-10(a). The code stipulates that the Company is to maintain no less than five (5) directors. In early 2021 Merle Smith passed away and reduced the number of directors to less than five (5). The search for a new director is ongoing.

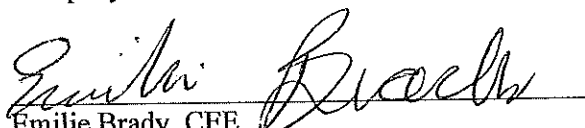
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that they, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Alberts Actuarial Consulting, LLC, performed an examination of USA Life One Insurance Company of Indiana as of December 31, 2020.

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

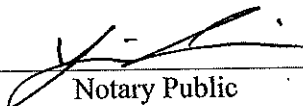
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing 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 the condition of the USA Life One Insurance Company of Indiana as of December 31, 2020, as determined by the undersigned.

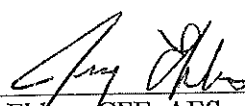

Emilie Brady, CFE
Noble Consulting Services, Inc.

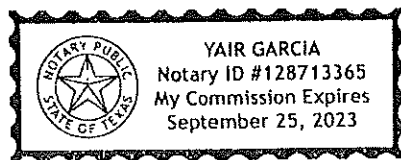
On this 6th day of May, 2022, before me personally appeared, Emilie Brady, to sign this document. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My commission expires: September 25, 2023


Notary Public

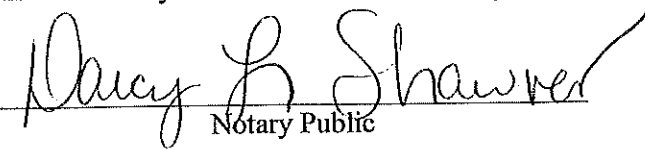
Under the Supervision of:


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



On this 12th day of May, 2022, before me personally appeared, 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, 2025


Notary Public

DARCY L. SHAWVER
NOTARY PUBLIC
SEAL
MARION COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES OCTOBER 4, 2025
COMMISSION NO 709083

