

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

IN THE MATTER OF:)
)
United Farm Family Life Insurance Company)
225 South East Street)
Indianapolis, Indiana 46202)

Examination of: **United Farm Family Life Insurance Company**

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 United Farm Family Life Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 31, 2022, 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 United Farm Family 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 24, 2022
Date

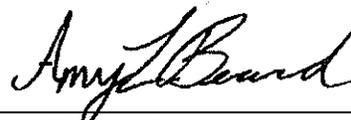

Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 2560

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 24th day of
June, 2022.



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

UNITED FARM FAMILY LIFE INSURANCE COMPANY

NAIC Co. CODE 69892
NAIC GROUP CODE 542

As of

December 31, 2020

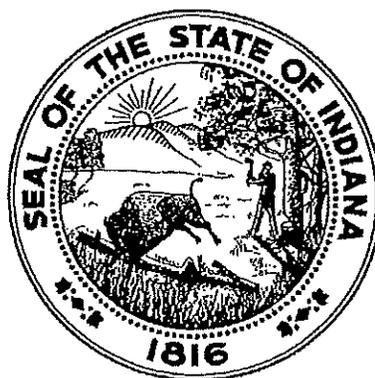


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STATE OF INDIANA

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

May 31, 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 4083, an examination has been made of the affairs and financial condition of:

United Farm Family Life Insurance Company
225 South East Street
Indianapolis, Indiana 46202

hereinafter referred to as the "Company," or "UFFLIC," an Indiana domestic, stock life insurance company. The examination was conducted at the offices of Noble Consulting Services, Inc., in Indianapolis, 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	COMPANY COMPLIANCE	CONSUMER SERVICES	FINANCIAL SERVICES	MEDICAL MALPRACTICE	COMPANY RECORDS	STATE HEALTH INSURANCE PROGRAM
317-232-2389	317-232-3495	317-232-2595/1-800-622-4461	317-232-2390	317-232-2402	317-232-5692	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.

Mark Alberts, FSA, MAAA and 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, 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 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 the Company.

HISTORY

The Company was incorporated on March 18, 1964, under the laws of the state of Indiana and began business on May 1, 1964, under the name of Farm Bureau Life Insurance Company. Effective July 1, 1964, the Company merged with Hoosier Farm Bureau Life Insurance Company, the Company being the surviving entity. On December 31, 1987, the Company merged with UFB Insurance Company. The Company's current name was adopted on May 30, 1996. The Company operates under the sponsorship of Indiana Farm Bureau, Inc. (IFBI), which owns all outstanding Class A common shares.

The Company's ultimate controlling person is IFBI, an Indiana not-for-profit agricultural membership cooperative. The Company and its affiliates, United Home Life Insurance Company (UHLIC), United Farm Family Mutual Insurance Company (UFFMIC), and UFB Casualty Insurance Company provide insurance to IFBI members and other consumers in Indiana (primarily) and are collectively known as Indiana Farm Bureau Insurance.

CAPITAL AND SURPLUS

The Company had 10,000 authorized shares of common stock with a par value of \$625 per share and 4,000 shares issued and outstanding throughout the examination period.

DIVIDENDS TO STOCKHOLDERS

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

<u>Year</u>	<u>Total</u>	<u>Ordinary Dividends</u>	<u>Extraordinary Dividends</u>
2020	\$ 1,250	\$ 1,250	\$ -
2019	1,250	1,250	-
2018	1,250	1,250	-
2017	1,250	1,250	-
2016	1,250	1,250	-
Total	<u>\$ 6,250</u>	<u>\$ 6,250</u>	<u>\$ -</u>

In accordance with IC 27-1-23-4(h), the payment of ordinary 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.

The Company did not receive, nor make, any capital contributions during the examination period.

TERRITORY AND PLAN OF OPERATION

The Company is licensed and authorized to write insurance in Indiana and eleven (11) other states. The Company writes individual life and annuity business including term, universal life, and whole life.

The Company utilizes a common multi-line agency force with its property and casualty affiliate, UFFMIC. This field force includes approximately 434 agent accounts throughout Indiana. The Company primarily targets UFFMIC's policyholders who are members of IFBI, but also distributes insurance products to Indiana residents who are not members.

GROWTH OF THE COMPANY

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

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Surplus and Other Funds</u>	<u>Premiums and Annuities</u>	<u>Net Income</u>
2020	\$ 2,474,938	\$ 2,117,442	\$ 357,495	\$ 128,632	\$ 12,151
2019	2,417,079	2,069,910	347,170	134,677	9,591
2018	2,359,320	2,024,090	335,230	133,980	14,263
2017	2,321,942	1,995,594	326,348	136,460	18,184
2016	2,271,060	1,955,105	315,954	134,795	15,974

Assets and liabilities increased steadily due to continued profitable business year over year.

^A Amounts may include immaterial rounding differences.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) which shall consist of thirteen (13) directors each of whom shall be a citizen of the United States and a majority of whom shall be residents of the state of Indiana. The shareholders, 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 his or her principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
Isabella Chism Galveston, Indiana	Farmer Self-Employed
Kendell Culp Rensselaer, Indiana	Vice President Indiana Farm Bureau, Inc.
Marybeth Miskovic Feutz Princeton, Indiana	Farmer Self-Employed
Robert Geswein Floyds Knobs, Indiana	Farmer Self-Employed
Terry Hayhurst Terre Haute, Indiana	Farmer Self-Employed
Bruce Herr Warren, Indiana	Farmer Self-employed
Randall Kron Evansville, Indiana	President Indiana Farm Bureau, Inc.
Kevin Ousley Columbia City, Indiana	Farmer Self-Employed
Kermit Paris Milroy, Indiana	Farmer Self-Employed
Harold Parker LaPorte, Indiana	Farmer Self-Employed
Jonathan Sparks Greenfield, Indiana	Farmer Self-Employed
Kevin Underwood West Lafayette, Indiana	Farmer Self-Employed
David Wyeth ^B North Salem, Indiana	Farmer Self-Employed

^B Effective December 10, 2021, David Wyeth resigned as a Director and Bruce Guernsey was elected to fill the unexpired term.

Officers

The Bylaws state that the elected officers of the Company shall consist of a President, a non-operating Vice President who is a director, an Executive Vice President, one (1) or more operating Vice Presidents, a Treasurer, a Secretary, a General Counsel, and such other officers as may be chosen by the Board. Each of these officers is elected by the Board and shall hold office until the next annual meeting of the Board, or until his or her death, resignation, or removal.

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

<u>Name</u>	<u>Office</u>
Joseph Martin ^C	Executive Vice President, Chief Executive Officer
Randall Kron	President
Kristin Keltner	Senior Vice President, General Counsel, Secretary
Mark Miske	Senior Vice President, Chief Financial Officer, Treasurer
Richard Kuster, Jr.	Senior Vice President, Marketing
Thomas Bower	Senior Vice President, Life Operations
Gregory Clancy	Senior Vice President, Information Systems
Kendell Culp	Vice President
Tony Zajac	Actuary
Mark Sigler	Assistant Secretary

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 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 no amendments made to the Bylaws during the examination period.

^C Effective January 1, 2021, Kevin Murphy replaced Joseph Martin as the EVP, CEO.

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 as noted above.

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

AFFILIATED COMPANIES

Organizational Structure

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

	NAIC Co. Code	Domiciliary State/Country
Indiana Farm Bureau, Inc.		
Indiana Farm Bureau Members Health LLC		IN
United Farm Family Life Insurance Company	69892	IN
United Home Life Insurance Company	69922	IN
UFB Properties ^D		IN
United Farm Family Mutual Insurance Company	15288	IN
UFB Casualty Ins. Company	20303	IN
Rural Insurance Agency, Inc.		IN
Peril Product, 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.

Management Agreements

The Company has a Management Agreement with its affiliate UHLIC whereby the Company provides use of certain facilities and services. In 2020, UHLIC paid \$3.5 million of management fees for services provided pursuant to this agreement.

Service Agreements

The Company has a Service Agreement whereby IFBI agrees to sponsor the insurance programs, permit the use of its name, make available its membership lists, and conduct research to determine the insurance needs of its members. In return for the performance of these services, the Company reimburses IFBI for the estimated costs of performing such services and providing the required information. Costs are established annually. In 2020, the Company paid \$0.6 million for services provided pursuant to this agreement.

^D UFB Properties is 65% owned by UFFMIC and 35% by UFFLIC.

Intercompany Services Agreement

Effective December 31, 2007, the Company and certain of its affiliates and subsidiary companies have an Intercompany Services Agreement whereby UFFMIC agrees to perform services of the affiliates. UFFMIC is not entitled to compensation for these services except for the reimbursement of its actual cost. In 2020, pursuant to the Intercompany Services Agreement, UFFMIC incurred \$53.4 million in expenses, which were reimbursed by UFFLIC.

Consolidated Federal Income Tax Allocation Agreement

The Company's federal income tax return is consolidated with UHLIC. The Company has a written agreement, approved by the Company's Board, which sets for the manner in which the total combined federal income tax is allocated to each entity.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employee through a fidelity bond issued by Travelers Casualty and Surety Company of America. The bond has a single loss coverage limit of \$3.0 million (\$6.0 million aggregate limit), with a \$50 thousand 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 corporate and county liability, directors' and officers' liability, employed lawyers' professional liability, excess liability, umbrella, and workers' compensation.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company participates in a qualified non-contributory defined benefit plan covering substantially all employees sponsored and administered by the Company. Benefits under the plan were frozen as of March 31, 2004. The plan has met ERISA minimum funding requirements. As of December 31, 2020, the Company accrued in accordance with actuarially determined amounts with an offset to the pension cost accrual for the incremental asset amortization.

Beginning January 1, 2004, the Company participates in a qualified, noncontributory defined contribution plan, covering substantially all employees of IFBI, sponsored by the Company. The contribution is determined based on age and date of employment. Current year contributions are generally paid the following February. Contributions were \$2.0 million in 2020.

Beginning January 1, 2004, the Company participates in nonqualified, noncontributory defined contribution plan, covering independent contractors hired before April 1, 2004, sponsored by the Company. The contribution is determined based on age. Current year contributions are generally paid the following February. Contributions were \$0.5 million in 2020.

The Company also participates in a defined contribution plan sponsored by the Company, which covers all employees with at least six (6) months of employment. Employer matching and other contributions are discretionary. The Company currently matches 50% of the first 4% of employee contribution. Contributions were \$0.3 million in 2020.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits, (in 000s), as of December 31, 2020:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
Deposits For the Benefit of All Policyholders:		
Indiana	\$ 2,557	\$ 2,773
All Other Special Deposits:		
Massachusetts	125	125
New Hampshire	500	502
North Carolina	400	401
Total Deposits	<u>\$ 3,582</u>	<u>\$ 3,801</u>

REINSURANCE

Assumed Reinsurance

Since July 2003, the Company has maintained a reinsurance relationship with its affiliate, UHLIC.

The Company maintains several primary reinsurance arrangements. Between 2003 and 2019 most products sold by UHLIC were ceded to UFFLIC. Business was ceded automatically on a first-dollar quota share basis at percentages varying from 60% to 85%. Through 2012 reinsurance was written on either a yearly renewable term or coinsurance basis; beginning in 2013 all new business was reinsured on a coinsurance basis only. In 2020, premiums and reserve credits from these two (2) agreements totaled \$27.6 million (97% of assumed premiums) and \$92.0 million (99% of assumed reserves), respectively. Effective January 1, 2020, UHLIC's new business ceased being ceded to UFFLIC.

The Company also assumes 50% of a block of variable universal life business written through Equitrust Life Insurance Company (Equitrust). This product is offered by the Company's agency force and underwritten by Equitrust with the Company then assuming 50% of the business. The arrangement has been in effect since 2000 and involves modified co-insurance reserves assumed totaling \$12.8 million as of December 31, 2020.

Ceded Reinsurance

The Company maintains several primary reinsurance arrangements. Reinsurance is used to control risk, primarily mortality risk arising from exposure above a maximum of \$250,000 for issue ages through age 60 and \$150,000 for ages 61 and up retention on any one life. As of December 31, 2020, the Company reported reinsurance cessions to various reinsurers involving ceded reserve credit totaling \$107.5 million and ceded premiums of \$40.7 million. Most of the Company's reinsurers have an A.M. Best rating of "A" or better. As of December 31, 2015, the Company has no significant counterparty exposure with any reinsurer rated lower than "A"- by A.M. Best.

For annual renewal term plans, the Company reinsures amounts over the limits above. All other reinsured plans are ceded automatically with the Company retaining either 15% or 25%, up to the limit above.

The Company also has reinsurance on its health lines. The minimal accident and health insurance in-force is reinsured with Lincoln National Life Insurance Company and SCOR Global USA Life Insurance Reassurance Company. No new accident and health business is being written.

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

UNITED FARM FAMILY LIFE INSURANCE COMPANY

Assets

As of December 31, 2020

(in 000s)

	<u>Per Examination*</u>
Bonds	\$ 1,796,131
Stocks:	
Preferred stocks	7,184
Common stocks	63,287
Mortgage loans on real estate	
First liens	368,385
Other than first liens	12,650
Real estate	
Properties occupied by the company	52
Properties held for the production of income	3,593
Cash, cash equivalents and short-term investments	16,952
Contract loans	91,339
Other invested assets	43,599
Receivables for securities	(40)
Subtotals, cash and invested assets	<u>2,403,133</u>
Investment income due and accrued	19,946
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	3,457
Deferred premiums, agents' balances and installments booked but deferred and not yet due	34,236
Reinsurance:	
Amounts recoverable from reinsurers	4,424
Other amounts receivable under reinsurance contracts	617
Net deferred tax asset	9,034
Guaranty funds receivable or on deposit	66
Receivables from parent, subsidiaries and affiliates	26
Aggregate write-ins for other than invested assets	1
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>2,474,938</u>
TOTAL**	<u>\$ 2,474,938</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts. Minor differences may be noted due to rounding.

** The balance includes immaterial rounding differences.

UNITED FARM FAMILY LIFE INSURANCE COMPANY
 Liabilities, Surplus and Other Funds
 As of December 31, 2020
 (in 000s)

	Per Examination*
Aggregate reserve for life contracts	\$ 1,969,687
Aggregate reserve for accident and health contracts	1,390
Liability for deposit-type contracts	51,303
Contract Claims:	
Life	8,515
Accident and health	144
Policyholders' dividends/refunds to members	17
Provisions for policyholders' dividends, refunds to members and coupons payable in the following year – estimated amounts:	5,469
Premiums and annuity considerations for life and accident and health contracts received in advance	460
Contract liabilities not included elsewhere:	
Provisions for experience rating refunds	69
Other amounts payable on reinsurance	4,103
Interest Maintenance Reserve	4,204
Commissions to agents due or accrued – life and annuity	662
Commissions and expense allowances payable on reinsurance assumed	473
General expenses due or accrued	3,324
Taxes, licenses and fees due or accrued, excluding federal income taxes	793
Current federal and foreign income taxes	261
Unearned investment income	2,339
Amounts withheld or retained by reporting entity as agent or trustee	35
Amounts held for agents' account	253
Remittances and items not allocated	334
Liability for benefits for employees and agents if not included above	27,887
Borrowed money and interest thereon	9,000
Miscellaneous liabilities:	
Asset valuation reserve	23,388
Payable to parent, subsidiaries and affiliates	846
Payable for securities	2,050
Aggregate write-ins for liabilities	434
Total liabilities excluding protected separate Accounts business	2,117,442
Total liabilities	2,117,442
Common capital stock	2,500
Gross paid in and contributed surplus	1,000
Unassigned funds (surplus)	353,995
Surplus	354,995
Totals	357,495
Totals**	\$ 2,474,938

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts. Minor differences may be noted due to rounding.

** The balance includes immaterial rounding differences.

UNITED FARM FAMILY LIFE INSURANCE COMPANY
Summary of Operations
For the Year Ended December 31, 2020
(in 000s)

	<u>Per Examination*</u>
Premiums and annuity considerations for life and accident and health contracts	\$ 128,632
Considerations for supplementary contracts with life contingencies	358
Net investment income	98,377
Amortization of Interest Maintenance Reserve	1,436
Commissions and expense allowances on reinsurance ceded	7,835
Miscellaneous income	
Aggregate write-ins for miscellaneous income	668
Totals	<u>237,306</u>
Death benefits	56,367
Matured endowments	57
Annuity benefits	14,233
Disability benefits and benefits under accident and health contracts	1,136
Surrender benefits and withdrawals for life contracts	44,918
Interest and adjustments on contract or deposit-type contract funds	2,283
Payments on supplementary contracts with life contingencies	1,103
Increase in aggregate reserves for life and accident and health contracts	37,949
Totals	<u>158,046</u>
Commissions on premiums, annuity considerations and deposit-type contract funds	11,164
Commissions and expense allowances on reinsurance assumed	5,479
General insurance expenses and fraternal expenses	39,722
Insurance taxes, licenses and fees, excluding federal income taxes	2,672
Increase in loading on deferred and uncollected premiums	371
Aggregate write-ins for deductions	926
Totals	<u>218,380</u>
Net gain from operations, before dividends to policyholders, refunds to members and federal income taxes	18,926
Dividends to policyholders and refunds to members	4,806
Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes	14,120
Federal and foreign income taxes incurred	3,955
Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses)	10,165
Net realized capital gains (losses)	1,986
Net income**	<u>\$ 12,151</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts. Minor differences may be noted due to rounding.

** The balance includes immaterial rounding differences.

UNITED FARM FAMILY LIFE INSURANCE COMPANY
 Capital and Surplus Account Reconciliation
 (in 000s)

	2020	2019	2018	2017	2016
Capital and surplus, December 31 prior year	\$ 347,170	\$ 335,230	\$ 326,348	\$ 315,954	\$ 301,488
Net income	12,151	9,591	14,263	18,184	15,974
Change in net unrealized capital gains or (losses) less capital gains tax	3,539	5,203	(4,107)	2,625	2,739
Change in net deferred income tax	2,002	1,719	406	(18,092)	14
Change in nonadmitted assets	155	1,182	(3,178)	6,956	(1,654)
Change in asset valuation reserve	(2,790)	(3,160)	885	92	(634)
Dividends to stockholders	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)
Aggregate write-ins for gains and losses in surplus	(3,481)	(1,345)	1,862	1,878	(722)
Net change in capital and surplus for the year	<u>10,326</u>	<u>11,940</u>	<u>8,882</u>	<u>10,393</u>	<u>14,467</u>
Surplus as regards policyholders, December 31 current year**	<u>\$ 357,495</u>	<u>\$ 347,170</u>	<u>\$ 335,230</u>	<u>\$ 326,348</u>	<u>\$ 315,954</u>

** The balance includes immaterial rounding differences.

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 other significant issues as of December 31, 2020, based on the results of this examination.

SUBSEQUENT EVENTS

Effective September 30, 2021, UHLIC recaptured all reinsurance ceded to UFFLIC under the previously existing reinsurance agreements. This transaction terminated all UHLIC cessions to UFFLIC. UHLIC took over all retrocessions on the applicable blocks of business from UFFLIC. UFFLIC transferred \$72.7 million of assets to UHLIC with a book value to the point-in-time net ceded reserves to close the transaction. Unearned premiums of \$6.2 million and unearned commissions of \$1.6 million (net of retrocessions) between the companies were also refunded. From the non-affiliated reinsurance partners' perspective, the only change will be to the ceding company, with no further adjustments or transactions necessary.

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 Alberts Actuarial Consulting, LLC, performed an examination of United Farm Family Life Insurance Company, 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 condition of United Farm Family Life Insurance Company as of December 31, 2020, as determined by the undersigned.

Dan Schoettle
Dan Schoettle, CPA, CFE
Noble Consulting Services, Inc.

Under the Supervision of:

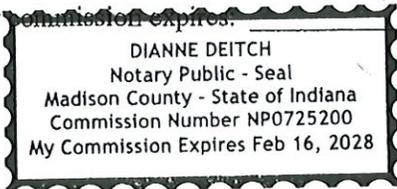
Jerry Ehlers
Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 9th day of June, 2022, before me personally appeared, Dan Schoettle 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: 2/16/2028



Dianne Deitch
Notary Public

Dianne Deitch
Notary Public

