

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

IN THE MATTER OF:)
)
American Income Life Insurance Company)
1200 Wooded Acres)
Waco, Texas 76710)

Examination of: **American Income Life Insurance Company**


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Holly W. Lambert, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of American Income 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 29, 2025, 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 American Income 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.

6/30/2025
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7004 1160 0000 3835 5878

STATE OF INDIANA) BEFORE THE INDIANA
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Examination of: **American Income Life Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the American Income Life Insurance Company (hereinafter “Company”) for the time period January 1, 2020 through December 31, 2023.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 29, 2025.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on May 29, 2025, and was received by the Company on June 6, 2025.

The Company did not file any objections.

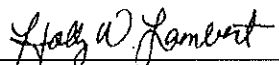
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the American Income Life Insurance Company as of December 31, 2023.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the American Income 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 30th day of
June, 2025.



Holly W. Lambert
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

AMERICAN INCOME LIFE INSURANCE COMPANY
NAIC Co. CODE 60577
NAIC GROUP CODE 0290

As of

December 31, 2023

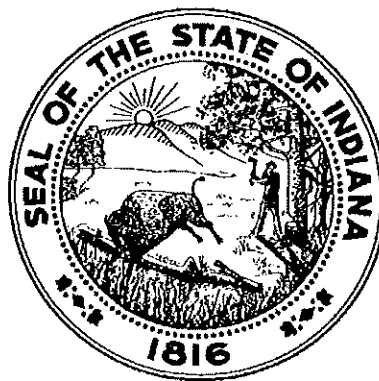


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STATE OF INDIANA

MIKE BRAUN, GOVERNOR

Indiana Department of Insurance

Holly W. Lambert, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-3520
Fax: 317-232-5251
Website: in.gov/doi

May 29, 2025

Honorable Holly W. Lambert, 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 4224, an examination has been made of the affairs and financial condition of:

American Income Life Insurance Company
1200 Wooded Acres
Waco, Texas 76710

hereinafter referred to as the "Company", or "AIL", an Indiana domestic stock, life insurance company. The examination was conducted remotely with support from the corporate offices of the Company in Waco, Texas, and the corporate offices of Globe Life, Inc. in McKinney, Texas.

The Report of Examination, reflecting the status of the Company as of December 31, 2023, 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 317-232-5253	COMPANY RECORDS 317-232-2383	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, 2016 through December 31, 2019. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2020 through December 31, 2023, 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 Nebraska domestic insurance companies of Globe Life, Inc. (GLI) was called by the Nebraska Department of Insurance (NEDOI) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The NEDOI served as the lead state on the examination, and the INDOI, the New York State Department of Financial Services, and the Ohio Department of Insurance served as participants.

Risk & Regulatory Consulting, LLC (RRC) provided all actuarial services throughout the examination and conducted a review of the Company's actuarial-related risks as of December 31, 2023. Additionally, Noble Consulting Services, Inc., assisted in the Company's actuarial review.

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 on July 16, 1954, as a stock, life insurance company under the laws of the state of Indiana and commenced business on August 1, 1954.

The Company began operations issuing primarily accident and health insurance and in the early 1970's made the transition to issuing predominantly life insurance products. In 1989, all outstanding shares of the Company's common stock were acquired by Trust Life Insurance Company (Trust Life), which in turn was simultaneously acquired by American Income Holding, Inc. (AI Holding). In November 1994, Torchmark Corporation (TMK), a publicly traded insurance and diversified financial services holding company, acquired 100% interest in AI Holding.

On November 16, 1995, the Board of Directors (Board) approved a Plan of Reorganization and Liquidation (Plan) involving TMK, AI Holding, Trust Life, and the Company. The Plan resulted in eliminating Trust Life and AI

Holding as intermediate holding companies of the Company and making the Company a direct subsidiary of TMK. On November 5, 1998, TMK contributed 100% of the common stock of the Company to Globe Life and Accident Insurance Company (GLA), an insurance company domiciled in the state of Nebraska. On November 7, 2013, GLA transferred ownership of the Company back to TMK. On August 8, 2019, TMK was officially renamed GLI. The name change was part of a brand alignment strategy to build name recognition with prospective customers and agent recruits through the use of a single brand among the companies in the group.

CAPITAL AND SURPLUS

The Company had 23,360,214 authorized shares of common stock with a par value of \$1 per share and 11,680,107 shares issued and outstanding throughout the examination period. All shares are Class A shares. The Company has no preferred stock.

The Company issued a \$25.0 million surplus note to GLI in 2012. The surplus note pays 5.25% interest semi-annually and matures in 2042. The Company paid interest of \$1.3 million during each of the years under examination, with the proper approval by the INDOI, in accordance with IC 27-1-7-19.

In 2021, the Company received a non-cash contribution of software as a paid in surplus contribution of \$5.0 million. No capital contributions were made or received during the examination period.

DIVIDENDS TO STOCKHOLDERS

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

<u>Year</u>	<u>Total</u>	<u>Ordinary Dividends</u>	<u>Extraordinary Dividends</u>
2023	\$ 144,929	\$ 144,929	\$ -
2022	176,002	176,002	-
2021	193,932	193,932	-
2020	199,064	199,064	-
Total	<u>\$ 713,927</u>	<u>\$ 713,927</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. All dividends paid during the examination period were ordinary in nature and did not require prior regulatory approval. In accordance with IC 27-1-23-1.5, the Company notified the INDOI of all declared dividends to the parent during the examination period.

MANAGEMENT AND CONTROL

Directors

The Company's Bylaws provide that the Board shall be composed of six (6) directors. At least one (1) of the directors must be a resident 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, 2023, and their principal occupations as of that date:

<u>Name and Location</u>	<u>Principal Occupation</u>
Charles Calvin Deppert Indianapolis, Indiana	Retired Former President of Indiana American Family Life
Michael Shane Henrie Plano, Texas	Corporate Senior Vice President and Chief Accounting Globe Life, Inc.
Robert Edward Hensley McKinney, Texas	Divisional Senior Vice President Globe Life, Inc.
Robert Brian Mitchell McKinney, Texas	President American Income Life Insurance Company
Jeffery Scott Morris ¹ McKinney, Texas	Divisional Senior Vice President and Actuary Globe Life, Inc.
Joel Patrick Scarborough Frisco, Texas	Assistant Secretary Globe Life, Inc.

¹ Replaced by Pamela Ivette Ramirez effective September 18, 2024.

Officers

The Company's Bylaws state that the elected 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 Secretary, a Treasurer, and any such additional officers as may be authorized from time to time by resolution of the Board. Any two (2) or more of such offices may be held by the same person, except the duties of the Chief Executive Officer and Secretary, or President and Secretary, which shall not be performed by the same person. All officers shall be appointed by resolution of the Board and shall hold such office until either termination of employment or removal by resolution of the Board.

The following is a list of key officers and their respective titles as of December 31, 2023:

Name	Office
Robert Mitchell	President
Steven Greer	Chief Executive Officer, American Income Life Division
David Zophin	President, American Income Life Division
Domenico Bertini ¹	Division Executive Vice President
Christopher Colamarino	Divisional Senior Vice President
Debra Gamble	Divisional Senior Vice President
James Gentile ²	Divisional Senior Vice President
Michael Henrie	Divisional Senior Vice President, Chief Financial Officer and Treasurer
Robert Hensley	Divisional Senior Vice President
Corey Jones	Divisional Senior Vice President
Sonia Khosla	Divisional Senior Vice President
Travis Korth	Divisional Senior Vice President
Eric Lenz	Divisional Senior Vice President
Michael LiBassi	Divisional Senior Vice President
Alice Lowry	Divisional Senior Vice President
Stephanie Massad	Divisional Senior Vice President
Marc Massad	Divisional Senior Vice President
Charles Massey	Divisional Senior Vice President
Christopher Moore	Divisional Senior Vice President
Jeffrey Morris ³	Divisional Senior Vice President and Actuary
John Norton	Divisional Senior Vice President
Kay Osbourn	Divisional Senior Vice President
Michael Priest	Divisional Senior Vice President
Scott Rowe	Divisional Senior Vice President
Joel Scarborough	Divisional Senior Vice President, General Counsel and Secretary
Dolores Skarjune	Divisional Senior Vice President
Duaine Styles	Divisional Senior Vice President
Rebecca Zorn	Divisional Senior Vice President
Pamela Miller	Divisional Vice President
Todd Shelton	Divisional Vice President

¹ The position of Division Executive Vice President no longer exists as of the June 25, 2024 officer election.

² No longer an officer as of the June 25, 2024 officer election.

³ Replaced by Stafford Leroy Thompson Jr. effective September 18, 2024.

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, 2023.

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, 2023.

CORPORATE RECORDS

Articles of Incorporation

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

Bylaws

The Bylaws were amended on June 30, 2020 to adjust and correct the schedule of the months that meetings occur, allow for meetings at locations other than the offices of the Company, allow for notices of meetings to be provided to directors via electronic communication, and allow for participants to join using audiovisual conferencing software.

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. The Company's Bylaws state the annual meeting of shareholders is to be held on the last Monday in April. For each year under review, the annual meeting of shareholders was held on the last Monday in April. The Company was in compliance with their Bylaws and IC 27-1-7-7(b).

The Company's Audit committee meeting minutes for the examination period, and through the fieldwork date, were reviewed. Additionally, the GLI committee meeting minutes were reviewed for items relevant to the Company for the following committees: Accounting Disclosure Committee, Audit Committee, Compensation Committee, Enterprise Risk Management Committee, and Governance and Nominating Committee.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and subsidiaries or affiliates as of December 31, 2023 that were included in this examination:

	NAIC Co. Code	Domiciliary State/Country
Globe Life, Inc. (formerly Torchmark Corporation)		DE
American Income Life Insurance Company	60577	IN
American Income Marketing Services, Inc.		TX
National Income Life Insurance Company	10093	NY
AILO I, LLC		TX
Liberty National Life Insurance Company	65331	NE
Globe Life and Accident Insurance Company	91472	NE
Family Heritage Life Insurance Company of America	77968	OH
United American Insurance Company	92916	NE
Globe Life Insurance Company of New York	74101	NY

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.

Services Agreement

Effective December 31, 1995, and as amended on January 1, 1999 and January 1, 2001, AIL entered into a Service Agreement with GLI. Pursuant to the Agreement, each company provides to the other, on request, accounting, aviation, banking, cash management, employee benefit, financial, investment, legal, management advisory, strategic planning, and other services. Effective January 1, 2012, Amendment No. 3 was entered into, providing for the express provision to AIL of the services by GLI of its payroll department for advice and assistance in connection with all matters related to payroll and payroll tax processing, disbursements, accounting, and reporting as well as all other associated payroll services. The Agreement was non-disapproved on October 12, 2012. During 2023, AIL paid GLI \$21.1 million pursuant to this Agreement.

Receivables Sale Agreement

Effective December 21, 1999, and as amended and restated March 31, 2000, AIL entered into a Receivables Sale Agreement with its affiliate, AILIC Receivables Corporation (ARC). Pursuant to the Agreement, AIL sells its qualified agent receivables to ARC, who in turn sells them to TMK. Re Ltd (TMK Re). The Agreement was non-disapproved on June 5, 2000. During 2023, ARC paid AIL \$2.0 million to service such agent balance receivables on behalf of AIL, and as of December 31, 2023, AIL owed ARC \$4.9 million pursuant to this Agreement.

Receivables Purchase Agreement

Effective December 31, 2008, ARC entered into a five (5) year Receivables Purchase Agreement with an affiliate, TMK Re, pursuant to which TMK Re will purchase up to \$125.0 million of AIL's qualified agent receivables from ARC. The parties entered into Amendment 1 to that Agreement, effective as of December 31, 2013, which extended the original Agreement for five (5) years until December 31, 2018. Effective December 31, 2018, the parties entered into Amendment 2 to the Agreement, extending the Agreement for an additional five (5) years, until December 31, 2023. Effective December 31, 2023, the parties entered into Amendment 3 to the Agreement, extending the Agreement until December 31, 2028. AIL continues to service such qualified agent receivables for ARC pursuant to the Receivable Sale Agreement (above) which was non-disapproved on June 5, 2000.

Service Agreement

Effective July 1, 1999, AIL entered into a Services Agreement with National Income Life Insurance Company (NILICO), whereby AIL provides marketing, actuarial, claims, underwriting, information technology, and administrative services to NILICO. Addendum 1 to this Agreement was made effective March 1, 2001 to add a provision regarding the retention of NILICO applications and claim files by AIL. Addendum 3 to this Agreement was entered into, effective January 1, 2006, to allow for the provision of certain office, secretarial, administrative support, outside payroll and employee benefit plan services. During 2023, AIL received \$9.0 million from NILICO pursuant to this Agreement.

Consolidated Federal Income Tax Allocation Agreement

AIL continues to be a party to a Consolidated Federal Income Tax Allocation Agreement with certain affiliates on a consolidated basis with GLI according to generally accepted accounting principles. This master agreement between GLI and its affiliates was dated August 29, 1990. AIL became a party to this Agreement in 1999, and it was non-disapproved on June 24, 2002. Effective as of December 31, 2023, the parties entered into Amendment No. 3 to the Consolidated Tax Allocation Agreement to allocate responsibility for payment of the corporate minimum tax to align with INT 23-03: *Inflation Reduction Act – Corporate Alternative Minimum Tax*, as recently adopted by the NAIC's Statutory Accounting Principles Working Group. Amendment No. 2 was non-disapproved by the INDOI on December 15, 2023. Pursuant to the terms of this Agreement, each company pays a share of the total tax liability determined as if computed on a separate return basis. During 2023, GLI received \$37.7 million from AIL pursuant to this Agreement.

Medical Records Agreements

Effective February 1, 2007, AIL entered into a series of separate Medical Records Agreements with GLA, United American Insurance Company (UA) and Liberty National Life (LNL) pursuant to which upon request, AIL will obtain medical records to be used by GLA, UA or LNL in that Company's underwriting and claims investigations. AIL receives an \$11.00 service fee for each set of medical records requested and is reimbursed for the actual cost of the medical records received from the provider. These Agreements were non-disapproved on December 5, 2007. During 2023, AIL received \$217,147 pursuant to these Agreements.

Service Agreement

Effective January 1, 2011, and amended January 1, 2015 and January 1, 2017, AIL, GLA, UA, LNL, Family Heritage Life (FHL) and GLI entered into a Service Agreement which established the ongoing terms of, and to allocate pursuant to generally accepted statutory accounting practices, the salary expense, employee benefit costs and costs of goods and services purchased from independent third parties related to the provision of certain services by one (1) affiliate which benefit not only the affiliate providing the service but other affiliates to varying degrees. Such services include underwriting, marketing (including design and support), travel, sales support, quality assurance, agent supplies, information technology, agent support, telecommunications, compliance and actuarial. It may also include other services, as mutually agreed by the affiliates, so long as the services are not the subject of an existing agreement with an affiliate or GLI. The Agreement was non-disapproved on February 18, 2015 and

March 6, 2017. During 2023, AIL paid \$41.0 million to affiliates and received \$55,979 in payments from affiliates pursuant to this Agreement.

Recruiting Agreement

Effective March 1, 2006, AIL entered into a Recruiting Agreement with GLA, UA, and LNL. Pursuant to the Agreement, GLA agrees to perform agent recruiting services for AIL. The Agreement as well as Amendment No. 1 effective July 15, 2013, with respect to billing and payment practices to the Recruiting Agreement were non-disapproved on October 2, 2013. During 2023, no payments were made pursuant to this Agreement.

Cost-Sharing Agreement

Effective May 1, 2014, AIL, FHL, GLA, UA, LNL and GLI entered into a Cost-Sharing Agreement providing for the allocation of costs incurred by GLI in relation to the Naming Rights Agreement for Globe Life Park in Arlington, Texas, as well as costs incurred by GLI to remodel the Rangers' ballpark suite and for ballpark signage. The Agreement was non-disapproved on August 5, 2014. During 2023, AIL paid \$656,738 in allocated costs pursuant to this Agreement.

Information Technology Cost-Sharing Agreement

Effective October 1, 2014, AIL, UA, LNL and GLA entered into an Information Technology Cost-Sharing Agreement providing for cost allocations related to the purchase of computer software and implementation services associated with an insurance agent compensation system. The Agreement was non-disapproved on December 29, 2014. Effective July 1, 2015, the parties entered into Amendment No. 1 to the Information Technology Cost-Sharing Agreement to provide for cost allocations related to the purchase of computer hardware, hardware maintenance services, computer software and software maintenance services associated with a policy administration system. Amendment No. 1 was non-disapproved on October 2, 2015. During 2023, there were no costs allocated to AIL pursuant to this Agreement.

Service Agreement

Effective February 1, 2019, AIL, GLA and AILO 1, LLC (AILO 1) entered into a Service Agreement to establish the ongoing terms of, and to allocate pursuant to generally accepted statutory accounting practices, the salary expense and other costs related to the provision of certain enumerated services by AIL and GLA to, and for the benefit of AILO 1, upon request, including: accounting, agent/agency administration, agency services, agent recruiting, business innovation, commission accounting, compliance, federal/state tax services, financial reporting, human resources, internal audit, information security, information technology, lead generation and lead sales, legal, marketing and advertising (including design and support), payroll, quality assurance, sales management, sales reporting, telecommunications, travel, treasury, cash management and such additional services as mutually agreed by the parties. The Agreement was non-disapproved on February 8, 2019. During 2023, AILO 1 paid AIL \$192,531 pursuant to this Agreement.

Cost-Sharing Agreement

Effective October 1, 2019, AIL, GLA, LNL and FHL entered into a Cost-Sharing Agreement in order to share in and allocate among themselves costs incurred by GLA to obtain certain rights and benefits associated with the Dallas Cowboys Football Club, Ltd., granted pursuant to certain sponsorship agreements entered into on or about July 24, 2019, by and between GLA and unaffiliated third parties. The Agreement was non-disapproved on December 26, 2019. During 2023, AIL paid \$34,158 in allocated costs pursuant to this Agreement.

Service Agreement

Effective January 1, 2020, AIL and NILICO entered into a Service Agreement pursuant to which NILICO will utilize certain of its personnel and/or resources to provide certain customer identification and lead generation services to AIL. The Agreement was non-disapproved on December 26, 2019. During 2023, no payments were made pursuant to this Agreement.

Cost-Sharing Agreement

Effective November 23, 2020, AIL, FHL, LNL, UA, GLI, and GLA entered into a Cost-Sharing Agreement in order to share in, and allocate among themselves, costs incurred by GLA to obtain certain sponsorship benefits associated with the Dallas Cowboys Football Club, Ltd., granted pursuant to certain sponsorship agreements entered into on or about September 9, 2020, by and between GLA and unaffiliated third parties. The Agreement was non-disapproved by the INDOI on December 11, 2020. During 2023, AIL paid \$874,956 in allocated costs pursuant to this Agreement.

Intercompany Loan

Temporary advances occur from time to time between AIL and its affiliates. As of December 31, 2023, AIL owed \$12.3 million to UA.

Affiliated Reinsurance Agreements

See the Reinsurance section of this Report of Examination.

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 Great American Insurance Company. The bond covers all entities within the Globe Life Group, has a \$100,000 deductible, a single occurrence limit of \$5 million, and an aggregate limit of \$10 million. The fidelity bond is adequate to meet the minimum coverage suggested by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2023, including but not limited to aircraft liability, automobile, computer crime, cyber liability, fiduciary liability, foreign liability, general liability, property boiler & machinery, management indemnity/directors' and officers' liability, professional indemnity liability, umbrella liability, and workers' compensation liability.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2023, the Company was licensed and authorized to transact business in all states except New York. The Company is also licensed in the District of Columbia, Canada, and New Zealand. The Company's primary products are traditional whole life and term insurance and accident insurance. Products are marketed only by the Company's captive agency force which consists of 10,467 agents. The Company's target markets are moderate income wage earners through the cooperation of labor unions, credit unions, and other associations. The Company's top jurisdictions based upon direct premiums written were California (11.3%), Canada (8.5%), and Ohio (6.8%).

REINSURANCE

Ceded Reinsurance

Effective July 1, 2013, AIL entered into a Reinsurance Agreement with UA. The Agreement is on a modified coinsurance basis and AIL cedes to UA on a 90% quota share basis, the risks on life policies issued in the United States between July 1, 2013 and December 31, 2013. AIL will retain, control, and own all assets for the modified coinsurance reserve. This Agreement was non-disapproved on October 4, 2013. Pursuant to this Agreement, the Company ceded premiums of \$18.5 million in 2023, and had premiums ceded payable of \$4.6 million as of December 31, 2023.

Effective January 1, 2014, AIL entered into a Reinsurance Agreement with FHL. The Agreement is on a coinsurance basis and AIL cedes to FHL on a 50% quota share basis, the risks on life policies issued in the United States on or after January 1, 2014. This Agreement was non-disapproved on April 17, 2014. AIL, FHL and LNL entered into a Novation Agreement, effective October 1, 2018, in order to amend the Reinsurance Agreement between AIL and FHL to substitute LNL as the reinsurer in place of FHL with respect to such Reinsurance Agreement, as if LNL were the original party thereunder instead of FHL. The Novation Agreement was non-disapproved on November 20, 2018. This agreement was amended effective October 1, 2021, to exclude new business issued on or after October 1, 2021, and reinstatements after such date. Pursuant to this Agreement, AIL ceded premiums of \$330.9 million in 2023, and had premiums ceded payable of \$79.1 million as of December 31, 2023.

Assumed Reinsurance

Effective July 1, 2017, AIL entered into an Annuity Coinsurance Agreement with LNL pursuant to which LNL shall cede and AIL shall reinsure on a 25% quota share basis those annuity policies issued by LNL in all states, excluding New York, either in force as of July 1, 2017 or issued after such date, with the plan codes identified therein. The Agreement was non-disapproved on October 10, 2017. Pursuant to this Agreement, AIL assumed premiums and had premiums receivable of \$36,823 as of December 31, 2023.

Effective July 1, 2017, AIL entered into an Annuity Coinsurance Agreement with UA pursuant to which UA shall cede and AIL shall reinsure on a 25% quota share basis those annuity policies issued by UA in all states, excluding New York, either in force as of July 1, 2017 or issued after such date, with the plan codes identified therein. The Agreement was non-disapproved on October 10, 2017. Pursuant to this Agreement, AIL assumed premiums of \$3.0 million in 2023, and had due premiums receivable of \$664,184 as of December 31, 2023.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the INDOI and present the financial condition of the Company for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

AMERICAN INCOME LIFE INSURANCE COMPANY

Assets

As of December 31, 2023

(in 000s)

	<u>Per Company</u>
Bonds	\$ 4,111,715
Stocks:	
Preferred stocks	39,169
Common stocks	61,121
Mortgage loans on real estate:	
First liens	61,293
Real estate:	
Properties occupied by the company	3,190
Cash, cash equivalents and short-term investments	48,983
Contract loans	284,452
Other invested assets	320,095
Subtotals, cash and invested assets	4,930,018
Investment income due and accrued	64,906
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	16,534
Deferred premiums, agents' balances and installments booked but deferred and not yet due	149,982
Reinsurance:	
Amounts recoverable from reinsurers	19,346
Other amounts receivable under reinsurance contracts	36,018
Current federal and foreign income tax recoverable and interest thereon	15,148
Net deferred tax asset	52,693
Guaranty funds receivable or on deposit	335
Electronic data processing equipment and software	1,600
Receivables from parent, subsidiaries and affiliates	2,852
Aggregate write-ins for other than invested assets	6,721
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	5,296,153
Totals*	<u>\$ 5,296,153</u>

*The amounts include immaterial rounding differences.

AMERICAN INCOME LIFE INSURANCE COMPANY
Liabilities, Surplus and Other Funds
As of December 31, 2023
(in 000s)

	<u>Per Company</u>
Aggregate reserve for life contracts	\$ 4,190,549
Aggregate reserve for accident and health contracts	195,043
Liability for deposit-type contracts	113,553
Contract claims:	
Life	75,691
Accident and health	21,227
Provision for policyholders' dividends, refunds to members and coupons payable in the following calendar year - estimated amounts:	
Policyholders' dividends and refunds to members appointed for payment	7
Premiums and annuity considerations for life and accident and health contracts received in advance including accident and health premiums	1,206
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	100,592
Interest maintenance reserve	17,351
Commissions to agents due or accrued-life and annuity contracts accident and health and deposit-type contract funds	516
Commissions and expense allowances payable on reinsurance assumed	60
General expenses due or accrued	7,141
Taxes, licenses and fees due or accrued, excluding federal income taxes	3,129
Amounts withheld or retained by reporting entity as agent or trustee	896
Amounts held for agents' account, including agents' credit balances	8,012
Remittances and items not allocated	6,622
Liability for benefits for employees and agents if not included above	45,417
Borrowed money and interest thereon	25,272
Miscellaneous liabilities:	
Asset valuation reserve	51,619
Funds held under reinsurance treaties with unauthorized and certified reinsurers	13,515
Payable to parent, subsidiaries and affiliates	4,966
Aggregate write-ins for liabilities	8,195
Total liabilities excluding Separate Accounts business	<u>4,890,576</u>
Total liabilities	<u>4,890,576</u>
Common capital stock	11,680
Surplus notes	25,000
Gross paid in and contributed surplus	71,893
Unassigned funds (surplus)	297,004
Surplus	<u>393,897</u>
Totals	<u>405,577</u>
Totals*	<u>\$ 5,296,153</u>

*The amounts include immaterial rounding differences.

AMERICAN INCOME LIFE INSURANCE COMPANY
Summary of Operations
For the Year Ended December 31, 2023
(in 000s)

	Per Company
Premiums and annuity considerations for life and accident and health contracts	\$ 1,202,016
Net investment income	211,708
Amortization of Interest Maintenance Reserve	2,066
Commissions and expense allowances on reinsurance ceded	86,561
Reserve adjustments on reinsurance ceded	2,569
Miscellaneous Income:	
Aggregate write-ins for miscellaneous income	11,846
Total	<u>1,516,766</u>
Death benefits	192,080
Matured endowments	777
Annuity benefits	50,688
Disability benefits and benefits under accident and health contracts	29,059
Surrender benefits and withdrawals for life contracts	89,564
Interest and adjustments on contract or deposit-type contract funds	8,818
Payments on supplementary contracts with life contingencies	18
Increase in aggregate reserves for life and accident and health contracts	<u>220,281</u>
Totals	591,284
Commissions on premiums, annuity considerations, and deposit-type contract funds	522,304
Commissions and expense allowances on reinsurance assumed	98
General insurance expenses and fraternal expenses	177,847
Insurance taxes, licenses and fees, excluding federal income taxes	29,154
Increase in loading on deferred and uncollected premiums	(1,400)
Aggregate write-ins for deductions	549
Totals	<u>1,319,835</u>
Net gain from operations before dividends to policyholders, refunds to members and federal income taxes	196,931
Dividends to policyholders and refunds to members	<u>16</u>
Net gain from operations after dividends to policyholders and before federal income taxes	196,914
Federal and foreign income taxes incurred	<u>29,664</u>
Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses)	167,250
Net realized capital gains (losses) less capital gains tax	<u>(11,125)</u>
Net income*	<u>\$ 156,125</u>

*The amounts include immaterial rounding differences.

AMERICAN INCOME LIFE INSURANCE COMPANY
Capital and Surplus Account Reconciliation
(in 000s)

	2023	2022	2021	2020
Surplus as regards policyholders, December 31 prior year	\$ 388,413	\$ 408,128	\$ 338,855	\$ 347,285
Net income	156,125	145,174	178,473	183,972
Change in net unrealized capital gains or (losses) less capital gains tax	7,528	20,344	2,403	(5,023)
Change in net unrealized foreign exchange capital gain (loss)	1,020	(8,650)	(2,722)	6,415
Change in net deferred income tax	11,517	26,196	10,502	8,894
Change in nonadmitted assets	(7,340)	(19,623)	(4,294)	(5,251)
Change in asset valuation reserve	(1,698)	(1,811)	(9,443)	1,779
Surplus adjustments:				
Paid in	-	-	5,004	-
Dividends to stockholders	(144,929)	(176,002)	(193,932)	(199,064)
Aggregate write-ins for gains and losses in surplus	(5,060)	(5,343)	83,283	(153)
Net change in capital and surplus for the year	17,164	(19,715)	69,273	(8,431)
Capital and surplus, December 31 current year*	<u>\$ 405,577</u>	<u>\$ 388,413</u>	<u>\$ 408,128</u>	<u>\$ 338,855</u>

*The amounts include immaterial rounding differences

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2023, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no significant issues identified for the period of examination requiring disclosure within this Report of Examination.

SUBSEQUENT EVENTS

Effective January 1, 2025, the Company entered into a 100% coinsurance agreement with Hannover Life Reassurance Company of America (Bermuda) Ltd., a Bermuda Company. Under the agreement the Company cedes certain term and whole life policies issued by the Company between January 1, 2018, and December 31, 2024. Initial reserves ceded pursuant to this agreement were \$466.0 million as of January 1, 2025.

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 RRC and Noble Consulting Services, Inc. performed an examination of American Income Life Insurance Company, as of December 31, 2023.

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 American Income Life Insurance Company as of December 31, 2023, as determined by the undersigned.



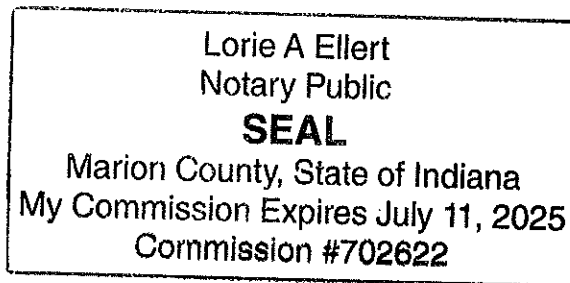
Joseph DeVries, CFE, CPA
Noble Consulting Services, Inc.

Under the Supervision of:



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

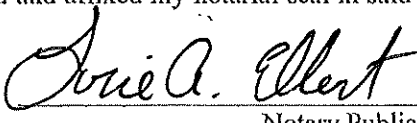
State of: Indiana
County of: Marion



On this 19th day of June, 2025, before me personally appeared, Joseph DeVries and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires:

July 11, 2025 
Notary Public

