CERTIFICATION

March 5, 2021

I, Bruce R. Ramge, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the Financial Examination Report of

AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS

AS OF

DECEMBER 31, 2019

The report is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.

GREAT SEAL OF THE STATE OF NEBRASKA
EQUALITY BEFORE THE LAW
MARCH 1ST 1867

Bruce R. Ramge
DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

American Family Life Assurance Company of Columbus

1932 Wynnton Road

Columbus, GA 31999-0001

dated as of December 31, 2019, verified under oath by the examiner-in-charge on January 6, 2021 and received by the company on February 18, 2021, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 4^{th} day of March 2021.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

Justin C. Schrader, CFE
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS

as of

December 31, 2019

TABLE OF CONTENTS

Lincoln, Nebraska
January 4, 2021

Honorable Bruce R. Ramge
Director of Insurance
Nebraska Department of Insurance
1135 M Street, Suite 300
Lincoln, Nebraska 68508

Dear Sir:

Pursuant to your instruction and authorizations, and in accordance with statutory requirements, an examination has been conducted of the financial condition and business affairs of:

AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS

which has its Statutory Home Office located at

10306 Regency Parkway Drive
Omaha, Nebraska 68114-3743

with its Principal Executive Office located at

1932 Wynnton Road
Columbus, Georgia 31999-001

(hereinafter also referred to as the "Company") and the report of such examination is respectfully presented herein.

INTRODUCTION

The Company was last examined as of December 31, 2015 by the State of Nebraska. The current financial condition examination covers the intervening period to, and including, the close of business on December 31, 2019, and includes such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska and New York participated in this examination and assisted in the preparation of this report.

The same examination staff conducted concurrent financial condition examinations of the Company's subsidiary, American Family Life Assurance Company of New York (Aflac-NY), and affiliates, Continental American Insurance Company (CAIC), and Tier One Insurance Company (TOIC).

SCOPE OF EXAMINATION

This examination was conducted pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statutes. The Handbook requires that examiners plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including, but not limited to: corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with Statutory Accounting Principles and Annual Statement Instructions, when applicable to domestic state regulations.

The examination was completed under coordination of the holding company group approach with the Nebraska Department of Insurance as the coordinating state and the New York Department of Financial Services. The companies examined under this approach benefit to a large degree from common management, systems and processes, and internal control and risk management functions that are administered at the consolidated or business unit level.

The coordinated examination applies procedures sufficient to comprise a full scope financial examination of each of the companies in accordance with the examination procedures and standards promulgated by the NAIC and by the respective state insurance departments where the companies are domiciled. The objective is to enable each domestic state to report on their respective companies' financial condition and to summarize key results of examination procedures.

A general review was made of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption "Description of Company". All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the Shareholder, Board of Directors and committees, held during the examination period, were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, and approval of investment transactions were also noted.

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed, as were plans for employee welfare and pension. Certificates of Authority to conduct the business of insurance in the various states were inspected and a survey was made of the Company's general plan of operation.

Data reflecting the Company's growth during the period under review, as developed from the Company's filed annual statements, is reflected in the financial section of this report under the caption "Body of Report".

The Company's reinsurance facilities were ascertained and noted, and have been commented upon in this report under the caption "Reinsurance". Accounting records and procedures were tested to the extent deemed necessary through the risk-focused examination process. The Company's method of claims handling and procedures pertaining to the adjustment and payment of incurred losses were also noted.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by KPMG LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2019. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

Any failure of items to add to the totals shown in schedules and exhibits appearing throughout this report is due to rounding.

DESCRIPTION OF COMPANY

HISTORY

The Company was incorporated on November 17, 1955, and commenced operations on April 1, 1956. The Company is a wholly owned subsidiary of Aflac Incorporated (Aflac Inc.), a Georgia stock corporation. Aflac Inc.'s shares are traded on the New York Stock Exchange. Prior to April 1, 2018, the Company operated in two segments, in the United States and as a branch in Japan (Aflac Japan). Effective April 1, 2018, the Company entered into a series of transactions in order to complete the conversion of Aflac Japan into a Japanese corporation, owned by the ultimate parent, Aflac Inc. In its conversion of Aflac Japan, the Company transferred $109.9 billion of admitted assets, $102.2 billion of liabilities, and $7.7 billion of capital and surplus. The adoption of this new organizational framework did not have a material impact on the daily operations of either the Company or Aflac Japan. In connection with the conversion of Aflac Japan's legal structure, Aflac Reinsurance Company (ARC) and Nebraska Life Assurance Company (NLAC) were merged into the Company. Concurrent with the merger, the Company's permitted practices as allowed by the Nebraska Department of Insurance and applicable to Aflac Japan were canceled. In October 2019, Aflac Inc. de-listed from the Tokyo Stock Exchange. The Company owns Aflac-NY, a New York domestic insurance company.

MANAGEMENT AND CONTROL

Holding Company

The Company is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing flowing from the "Ultimate Controlling Person", as reported in the 2019 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

- Aflac Incorporated
  - Aflac Asset Management LLC
    - Aflac Asset Management Japan Ltd.
  - Aflac Benefits Advisors, Inc.
  - Aflac Corporate Ventures LLC
    - Aflac InfoSec Services LLC
    - Aflac Innovation Partners G.K.
    - Aflac Ventures LLC
      - Lapetus Solutions, Inc.
      - Medical Note, Inc.
      - Picwell, Inc.
      - Sensely Corporation
      - Wellthie, Inc.
    - Aflac Ventures Labs LLC
    - Aflac Ventures Seed Fund LLC
    - Empoweredbenefits, LLC
    - Empowered.Insure LLC
  - Aflac Holdings LLC
    - Aflac Life Insurance Japan Ltd.
      - Aflac Heartful Services Company, Ltd.*
      - Aflac Insurance Services Company, Ltd.
      - Aflac Payment Services Co., Ltd.

Apollo AF Loan Trust
Global Investment Fund I
Global Alternatives Private Equity Sub-Trust A**
Octagon Delaware Trust
Tsusan Co., Ltd.
Aflac Information Technology, Inc.
Simple Technology, LLC
Aflac International, Inc.
Aflac Northern Ireland, Ltd.
American Family Life Assurance Company of Columbus
American Family Life Assurance Company of New York
Argus Holdings, LLC
Argus Dental & Vision, Inc.
Communicorp, Inc.
Continental American Insurance Company
Continental American Group, LLC
Tier One Insurance Company

**80% owned by Aflac Life Insurance Japan, Ltd., 10% owned by Aflac Insurance Services Co., Ltd., and 10% owned by Aflac Payment Services Co., Ltd.*
*** 90% owned by Aflac Life Insurance Japan, Ltd., and 10% owned by American Life Assurance Company of Columbus*

Shareholder

Article III of the Company's Articles of Incorporation states that, "the aggregate number of shares which this Corporation shall have authority to issue is 7,500,000 shares of voting common stock of $1.00 par value per share; and 500,000 shares of non-voting common stock of $1.00 par value per share." In connection with the conversion of Aflac Japan's legal structure, the Company retired all its existing voting and non-voting common stock and issued 7,025,039 shares of voting stock to its parent and sole shareholder, Aflac Inc.

Section 2.1 of the Company's By-Laws states that, "meetings of Shareholders may be held at any place within or without the State of Nebraska as set forth in the notice thereof or, in the event of a meeting held pursuant to waiver of notice, as set forth in the waiver, or if no place is so specified, at the principal office of the Corporation." Further, Section 2.2 of the Company's By-Laws states that, "the annual meeting of Shareholders shall be held on the first Monday in

May of each year unless that day is a legal holiday, and in that event on the next succeeding business day, for the purpose of electing Directors and transacting any and all business that may properly come before the meeting."

The Company paid dividends to the shareholder during the examination period as follows:

Year	Amount
2016	$ 1,999,963,237
2017	2,623,007,335
2018	12,325,574,454
2019	1,330,881,696
Total	$18,279,426,722

During 2018, the Company declared dividends of $12.3 billion, including ordinary cash dividends of $101 million, extraordinary cash dividends of $1.2 billion, and non-cash extraordinary dividends of $11.0 billion which represented the statutory book value of Aflac Japan on April 2, 2018.

Board of Directors

Section 3.1 of the Company's By-Laws states that, "the property, affairs and business of the Corporation shall be managed by or under the direction of its Board of Directors, which may exercise all powers of the Corporation and do all lawful acts and things which are not by law, by the Articles of Incorporation or by these By-Laws directed or required to be exercised or done by the Shareholders." Section 3.2 states that, "the number of Directors which shall constitute the whole Board shall be not less than five (5) or more than twenty-five (25); at least one of which must be a resident of the State of Nebraska." Section 3.2 continues to state that, "each Director elected hall hold office until the next succeeding annual meeting of the shareholders and thereafter until his successor is elected and qualified or until his earlier resignation, removal from office, disqualification, retirement or death."

The following persons were serving as Directors at December 31, 2019:

Name and Residence	Principal Occupation
Daniel P. Amos Columbus, Georgia	Chairman of the Board and Chief Executive Officer, Aflac Incorporated
Frederick J. Crawford Columbus, Georgia	President and Chief Operating Officer, Aflac Incorporated
Lawrence F. Harr* Omaha, Nebraska	Partner, Lamson, Dugan and Murray
June P. Howard Columbus, Georgia	Senior Vice President, Financial Service and Chief Accounting Officer, Aflac Incorporated
Thomas J. Kenny Columbus, Georgia	Former Partner and Co-Head of Global Fixed Income, Goldman Sachs Asset Management
Karole F. Lloyd Columbus, Georgia	CPA and retired Managing Partner, Ernst & Young, LLP
Joseph L. Moskowitz Marietta, Georgia	Retired Executive Vice President, Primerica, Inc.

**Mr. Francis J. Barrett, a Nebraska resident and Counsel to Lamson, Dugan and Murray, was serving on the Board when he passed away October 13, 2019. Mr. Harr, a Nebraska resident, was appointed on November 12, 2019 to serve the remainder of Mr. Barrett's term*

Officers

Section 4.1 of the Company's By-Laws states that, "the Officers of the Corporation, who shall be chosen by the Board of Directors, are as follows: Chief Executive Officer, Chairman of the Board of Directors, Vice Chairman of the Board of Directors, President, First Executive Vice President, Executive Vice Presidents, Secretary, Assistant Secretary, Treasurer, and Assistant Treasurer." Section 4.1 of the By-Laws also states that, "the Board may, in its discretion, leave any of the above offices vacant for any length of time." Section 4.3 of the By-Laws states that, "unless otherwise provided by resolution of the Board of Directors, the principal officers shall serve until their successors shall have been chosen and qualified, or until their death, resignation or removal as provided by these By-Laws."

The following is a listing of Officers elected and serving the Company at December 31, 2019:

Name	**Office**
Daniel P. Amos	Chairman of the Board of Directors and Chief Executive Officer
Teresa L. White	President
Frederick J. Crawford	Executive Vice President, Chief Financial Officer
Eric M. Kirsch	Executive Vice President, Global Chief Investment Officer
Virgil R. Miller	Executive Vice President, Chief Operating Officer Aflac U.S.
Audrey B. Tillman	Executive Vice President, General Counsel
Richard L. Williams Jr.	Executive Vice President, Chief Distribution Officer
Steven K. Beaver	Senior Vice President, Aflac U.S. Finance
Max K. Broden	Senior Vice President, Treasurer
Richard L. Gilbert	Senior Vice President, Chief Digital Information Officer
June P. Howard	Senior Vice President, Financial Services; Chief Accounting Officer
Thomas L. McDaniel, Jr.	Senior Vice President, Chief Compliance Officer
Robert R. Ruff	Senior Vice President, Strategic Growth
Stephanie L. Shields	Senior Vice President, Broker Sales
J. Matthew Loudermilk	Vice President, Corporate Secretary
Nicholas G. Bettin	Vice President, Corporate Finance; Assistant Treasurer
Stephen F. Smith	Vice President, Appointed Actuary
Teresa McTague	Chief Investment Officer
Catherine Coppedge	Assistant Secretary
Jenette Mathai	Assistant Secretary

Committees

Section 3.11 of the Company's By-Laws states that, "the Board of Directors may, by the greater of (a) a majority of all the Directors in office when the action taken or (b) the number of Directors required by the Articles of Incorporation or By-Laws to take action under Neb. Rev.

Stat. §21-2093, designate from among its members one or more committees, each committee to consist of two or more Directors."

The following persons were serving on the Executive Committee at December 31, 2019:

Daniel P. Amos, Chairman	Frederick J. Crawford
Joseph L. Moskowitz	

The following persons were serving on the Finance and Investment Committee at December 31, 2019:

Thomas J. Kenny, Chairman	Frederick J. Crawford
Karole F. Lloyd	

Aflac Inc. has a number of committees that assist in fulfilling the oversight responsibilities of the holding company and its insurance subsidiaries, including but not limited to an Audit and Risk Committee.

TRANSACTIONS WITH AFFILIATES

Service Agreements

Effective November 10, 2016, NLAC entered into a Master Intercompany Services and Facilities Agreement, whereby Aflac Inc. provides holding company services. The management fee is an expense-based allocation that includes a small intercompany profit charge. On April 1, 2018, NLAC was part of a statutory merger with the Company. Total management fees were $59.2 million and $129 million for the years ended December 31, 2019 and 2018, respectively.

Effective December 7, 2016, the Company entered into a Master Intercompany Services and Facilities Agreement with CAIC, whereby both companies are able to provide personnel services and managerial expertise. The management fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge. The service fees incurred for all of 2019 and 2018 were $11,349,156 and $6,241,022, respectively.

Effective December 7, 2016, the Company entered into a Master Intercompany Services and Facilities Agreement with Aflac Benefits Advisors, Inc. (ABA), whereby both companies are able to provide personnel services and managerial expertise. The management fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge.

Effective December 7, 2016, the Company entered into Master Intercompany Services and Facilities Agreement with Aflac Corporate Ventures LLC, whereby both companies are able to provide personnel services and managerial expertise. The management fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge.

Effective December 1, 2017, the Company entered into a Master Intercompany Services and Facilities Agreement with Aflac Holdings LLC, whereby the Company provides personnel services and managerial expertise. The management fee is an expense-based allocation that includes a small intercompany profit charge.

Effective January 1, 2018, the Company entered into a Master Intercompany Services and Facilities Agreement with Aflac Asset Management LLC (AAM), whereby both companies are able to provide personnel services and managerial expertise. The management fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge.

Effective April 2, 2018, the Company entered into a Transition Services Agreement whereby the Company provides Aflac Life Insurance Japan Ltd. with several transitional services and certain property, equipment, and facilities. The service fee is an expense-based allocation that includes a small intercompany profit charge.

Effective September 1, 2019, the Company entered into a Master Intercompany Services and Facilities Agreement with TOIC, whereby both parties are able to provide personnel services and managerial expertise. The management fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge.

Effective October 15, 2019, the Company entered into a Master Intercompany Services and Facilities Agreement with Aflac Northern Ireland (formerly NIO Innovative Technologies Ltd.) whereby both parties are able to provide personnel services and managerial expertise. The management fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge.

Intercompany Currency Conversion Agreement

Effective October 7, 2016, the Company entered into an Intercompany Currency Conversion Agreement with Aflac Inc. The terms of the agreement enable both parties to purchase or sell yen and U.S. dollars from and to each other in order to settle other third-party obligations.

Investment Advisory Agreement

On January 1, 2018, the Company entered into an Investment Advisory Agreement, with AAM. The terms of the agreement are that AAM will provide investment management services to the Company and is responsible to comply with the Company's investment objectives, policies, guidelines and restrictions, as well as applicable law and related regulations. In return, the Company will pay an investment management fee equal to the actual cost incurred by AAM plus 5% of such actual costs. Service fees incurred were $13.4 million and $14.4 million for the years ended December 31, 2019 and 2018, respectively.

Line of Credit Agreements

Effective April 4, 2018, the Company entered into a Line of Credit Agreement whereby Aflac Inc. serves as the guarantor and Mizuho Bank, Ltd. serves as the administrative agent. The agreement provides for borrowings of up to 55.0 billion yen or the equivalent in U.S. dollars, which was approximately $521,920,668, from a syndicate of financial institutions on a revolving basis.

Effective November 18, 2019, the Company entered into a Line of Credit Agreement whereby Aflac Inc. serves as the guarantor and Mizuho Bank, Ltd. serves as the administrative agent. The agreement provides for borrowings of up to $1.4 billion from a syndicate of financial institutions on a revolving basis.

Intercompany Tax Allocation Agreement

On January 1, 2019, the Company entered into a tax allocation agreement with its parent company and other eligible members of the consolidated federal income tax return of Aflac Inc. The agreement permits Aflac Inc. to file consolidated tax returns with the Company and other Aflac Inc. subsidiaries. Allocation is based upon separate return calculations, and the settlement of current income taxes, payables or refundable, is completed when Aflac Inc. makes payment to, or receives funds from, the Internal Revenue Service.

General

During the examination, it was noted that certain related party agreements did not comply with Nebraska Rules and Regulations Title 210 Chapter 24. Rather than amend the existing agreements, the Company has opted to file new agreements. It is recommended that new related party agreements be filed as a Form D with the Nebraska Department of Insurance.

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in the District of Columbia, American Samoa, Guam, Puerto Rico, the US Virgin Islands, the Northern Mariana Islands, and all states, except New York.

The Company's insurance products are designed to provide supplemental coverage for people who have major medical or primary insurance coverage. A majority of the products are individually underwritten and marketed through independent agents.

The Company sells the following products both on an individual and group basis: short-term disability benefits, term and whole-life coverage sold through payroll deduction at the worksite, accident coverage, critical illness and hospital indemnity. The Company's individually issued policies are portable and pay regardless of other insurance, while group coverage is generally not portable.

The Company's sales force is comprised of sales associates and brokers who are independent contractors licensed to sell accident and health insurance. Many of these independent contractors are also licensed to sell life insurance. During the examination period, the Company has enhanced and increased the size of its traditional distribution system.

REINSURANCE

Assumed

On September 24, 2012, the Company executed a modified coinsurance (Modco) quota share treaty with CAIC. The treaty was retroactive to January 1, 2012. The terms of the treaty called for the Company to assume 50% of new and existing sales as they relate to CAIC's accident and critical illness products only. New sales consisted of all premiums on policies in duration for one year and considered "first year" for statutory reporting purposes while existing in-force were premiums on policies in duration for more than one year and considered to be "renewal" for statutory reporting purposes. The treaty also outlined that the Company would assume 50% of all paid claims, paid commissions, and changes in reserves on the above mentioned sales. For the period ending December 31, 2019, the Company assumed approximately $218.7 million in earned premiums, while paying approximately $91.6 million in incurred claims, $60.3 million in incurred commissions, and $66.7 million in operating expenses. Under the provisions of a modified coinsurance agreement, CAIC maintains a segregated portfolio of securities that support the ceded policy liabilities. Net investment income in the amount of approximately $3.8 million was credited to the Company in 2019.

Effective December 31, 2017, CAIC executed a coinsurance quota share treaty with ARC. On April 1, 2018, ARC was part of a statutory merger with the Company. The terms of the agreement call for the Company to assume 85% of the premiums assessed and 100% of the claims incurred on an existing block of whole life group business. For the periods December 31, 2019 and 2018, the Company assumed $11,815 and $10,686 in earned premium, respectively. Review of this agreement noted that the agreement did not contain an entire agreement clause as required by Nebraska Rules and Regulations Title 210, Chapter 57. It is recommended that the Company amend this agreement to include an entire agreement clause.

On November 30, 2018, the Company entered into two separate novation agreements with Swiss Reinsurance of Switzerland, originally effective December 31, 2014, and Munich Reinsurance, originally effective April 1, 2015, to novate, assign, and transfer an existing assumed block of business from CAIC. As a result of these agreements, the Company received $110.2 million in reserves and $110.2 million of assets from CAIC and incurred $10 million of commission expense.

Ceded

Effective July 1, 2006, the Company entered into a reinsurance agreement with Swiss Re Life & Health America Inc. of Stamford, Connecticut (Swiss Re L&H). This is a Bulk Accidental Death Reinsurance Agreement reinsuring 100% of Accidental Death supplemental benefits on ordinary policies up to a maximum issue limit of $500,000 per person. At December 31, 2019 there was $0 of Accidental Death benefits in force on U.S. ordinary and voluntary group term policies. A reserve credit of $1,311,869 was taken for this treaty.

Effective January 1, 2014, the Company entered into an Automatic Self-Administered YRT Reinsurance Agreement with Swiss Re L&H. Pursuant to this agreement, the Company cedes 50% on the first dollar quota share basis up to a maximum of $25,000 of face amount for guaranteed issue term, 25% on a first dollar quota share basis of the first $25,000 of face amount plus 100% of the face amount in excess of the Company's maximum Corporate Retention Limit for simplified issue term, and 100% of each policy's face amount in excess of the Company's maximum Corporate Retention Limit for simplified issue whole life. At December 31, 2019, there was $2.8 billion of reinsured face amount in force on and no reserve credit was taken for this treaty.

General

All contracts reviewed contained standard insolvency, arbitration, errors and omissions, and termination clauses where applicable. All contracts contained the clauses necessary to assure reinsurance credits could be taken.

BODY OF REPORT

GROWTH

The following comparative data reflects the growth of the Company during the period covered by this examination (000s omitted):

	2016	2017	2018	2019
Bonds	$ 98,933,206	$103,202,804	$10,411,468	$10,495,846
Admitted assets	108,871,355	113,076,017	14,043,136	14,123,823
Aggregate reserves for life contracts	28,374,061	32,065,420	609,931	667,277
Aggregate reserves for accident & health contracts	51,992,381	54,700,503	7,991,006	8,285,003
Total liabilities	97,650,300	102,072,410	11,443,496	12,002,290
Capital and surplus	11,221,055	11,003,606	2,599,640	2,121,533
Premium income	18,902,763	18,142,119	8,431,590	5,225,283
Net investment income	3,193,413	3,137,259	1,330,588	742,610
Disability benefits	7,275,200	7,138,688	3,493,389	2,227,134
Net income	2,754,520	2,608,430	1,330,882	864,148

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the State of Nebraska Department of Insurance and present the financial condition of the Company for the period ending December 31, 2019. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statements and should be considered an integral part of the financial statements. A reconciliation of the capital and surplus account for the period under review is also included.

FINANCIAL STATEMENT
December 31, 2019

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$10,495,845,762		$10,495,845,762
Common stocks	356,329,116		356,329,116
Mortgage loans - first lien	1,346,396,099		1,346,396,099
Real estate – occupied by company	13,804,197		13,804,197
Cash and cash equivalents	164,749,930		164,749,930
Contract loans	8,969,339		8,969,339
Other invested assets	379,594,666		379,594,666
Receivables for securities	3,718,631		3,718,631
Securities lending reinvested collateral assets	315,277,989		315,277,989
Receivable for cash collateral pledged	1,274,098		1,274,098
Subtotal, cash and invested assets	$13,085,959,827		$13,085,959,827
Investment income due and accrued	160,157,131		160,157,131
Uncollected premiums in course of collection	483,111,522	$ 47,625,696	435,485,826
Deferred premiums not yet due	7,286,168		7,286,168
Amounts recoverable from reinsurers	5,913,990		5,913,990
Other amounts receivable under reinsurance contracts	1,291,142		1,291,142
Federal income tax recoverable	73,932,145		73,932,145
Net deferred tax asset	761,238,006	485,064,476	276,173,531
Guaranty funds receivable	45,478,760		45,478,760
Electronic data processing equipment	4,203,998	1,523	4,202,475
Furniture and equipment	18,590,432	18,590,432	
Receivables from parent, subsidiaries and affiliates	23,525,943		23,525,943
Health care receivable	8,593,881	8,593,881	
Prepaid premium tax recoverable	4,415,637		4,415,637
Leasehold improvements	12,017,341	12,017,341	
Prepaid expenses	6,826,183	6,826,183	
Other assets	5,037,069	5,037,069	
Refundable deposits	137,292	137,292	
Total Assets	$14,707,716,467	$583,893,892	$14,123,822,575

Liabilities, Surplus, and Other Funds

Aggregate reserve for life contracts	$ 667,277,367
Aggregate reserve for accident and health contracts	8,285,003,063
Liability for deposit-type contracts	403,542,902
Life contract claims	26,790,827
Accident and health contract claims	1,455,867,701
Premiums received in advance	21,262,382
Other amounts payable on reinsurance	81,450,048
Interest maintenance reserve	54,834,338
Commissions to agents due or accrued	30,487,101
General expenses due or accrued	252,241,210
Taxes, licenses and fees	44,128,372
Amounts withheld as agent or trustee	28,031
Amounts held for agents' account	2,315,178
Remittances and items not allocated	62,093,499
Asset valuation reserve	115,074,177
Payable to parent, subsidiaries and affiliates	87,636,708
Derivatives	524,512
Payable for securities	24,767,484
Payable for securities lending	315,277,989
Other liabilities	45,436,722
Funds held for escheat	22,874,600
Pension liability	3,375,486
Total liabilities	$12,002,289,697
Common capital stock	7,025,039
Gross paid in and contributed surplus	588,508,552
Affordable care act fee special surplus	3,640,404
Unassigned funds (surplus)	1,522,358,883
Total capital and surplus	$ 2,121,532,878
Total liabilities, capital and surplus	$14,123,822,575

SUMMARY OF OPERATIONS – 2019

Premiums for life and accident and health contracts	$5,225,283,479
Net investment income	742,610,161
Amortization of interest maintenance reserve	7,241,384
Commissions and expense allowances on reinsurance ceded	155,832
Reserve adjustments on reinsurance ceded	(47,063)
Other income from reinsurance assumed	3,843,010
Other income	2,310,725
Administrative service fees from affiliates	1,109,570
Interest on agents' balances	963,282
Gain on disposal of equipment	723,919
Realized foreign exchange loss	(1,201,930)
Total income	$5,982,992,370
Death benefits	66,561,735
Matured endowments	13,107
Disability benefits and benefits under accident and health contracts	2,227,133,710
Surrender benefits and withdrawals for life contracts	5,527,330
Interest and adjustments on contract or deposit-type contract funds	9,485,489
Increase in aggregate reserves for life and accident and health contracts	350,122,480
Total losses	$2,658,843,849
Commissions on premiums	796,867,360
Commissions and expense allowances on reinsurance assumed	226,791,594
General insurance expenses	1,101,603,484
Insurance taxes, licenses and fees, excluding federal income taxes	127,453,709
Increase in loading on deferred and uncollected premiums	1,583,629
Reserve adjustment from reinsurance assumed	9,785,915
Total losses and expenses	$4,922,929,542
Net gain from operations before dividends, federal income taxes and net realized capital gains	1,060,062,828
Dividends to policyholders	(3,180)
Federal income taxes incurred	(206,462,598)
Net realized capital gains	10,550,810
Net income	$ 864,147,859

CAPITAL AND SURPLUS ACCOUNT

	2016	2017	2018	2019
Capital and surplus, beginning	$11,297,855	$11,221,055	$11,003,606	$2,599,640
Net income	$ 2,754,520	$ 2,608,430	$ 1,330,882	$ 864,148
Change in net unrealized capital gains	167,205	21,437	564	10,408
Change in unrealized foreign exchange capital gain	(493,584)	(38,724)	(7,472)	13
Change in net deferred income tax	(202,145)	(18,504)	(56,727)	5,966
Change in nonadmitted assets	59,939	143,443	(70,628)	194,265
Change in asset valuation reserve	(315,300)	(260,819)	19,549	(15,119)
Capital changes – paid in			3,145	
Surplus adjustment paid in			18,579	
Dividends to stockholders	(1,999,963)	(2,623,007)	(12,325,574)	(1,330,882)
JLP conversion			2,686,775	
Tax adjustment	38,007			
Minimum pension liability	(18,328)	12,160	(3,060)	(3,855)
Gain on reinsurance ceded	(67,149)	(61,863)		
Non-admitted tax receivable adjustment				(203,050)
Net change for the year	$ (76,799)	$ (217,449)	$ (8,403,966)	$ (478,107)
Capital and surplus, ending	$11,221,055	$11,003,606	$ 2,599,640	$2,121,533

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of $1,522,358,883, as reported in the Company’s 2019 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company’s financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

No recommendations were made as a result of the previous examination.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

There are no additional comments or recommendations that have been made as a result of this examination.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

The following comments and recommendations have been made as a result of this examination:

Affiliated Transactions - It is recommended the Company file new related party agreements as a Form D with the Nebraska Department of Insurance in order to comply with Nebraska Rules and Regulations Title 210, Chapter 24.

Reinsurance Agreement - It is recommended that the existing reinsurance agreement between the Company and CAIC be amended to contain an entire agreement clause as required by Nebraska Rules and Regulations Title 210, Chapter 57.

ACKNOWLEDGMENT

The courteous cooperation extended by the Officers and employees of the Company during this examination is hereby acknowledged.

In addition to the undersigned, Linda Scholl, CFE, CISA, APIR, Daniel Rousseau, AFE, and John Wiatr, Financial Examiners; Gary Evans, CISA, AES, CFE, Information Systems Specialist; and Rhonda Ahrens, FSA, MAAA, Chief Actuary and Derek Wallman, ASA, Actuarial Specialist; all with the Nebraska Department of Insurance and Financial Examiners contracted by the New York Department of Financial Services; participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

Isaak Russell, CFE
Supervisory Examiner
Department of Insurance
State of Nebraska

State of Nebraska,

County of Lancaster,

Isaak Russell, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of American Family Life Assurance Company of Columbus, Continental American Insurance Company, and Tier One Insurance Company.

2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination report, and the examination of American Family Life Assurance Company of Columbus, Continental American Insurance Company, and Tier One Insurance Company was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

The affiant says nothing further.

Examiner-in-Charge's Signature

Subscribed and sworn before me by ISAAK RUSSELL on this 6th day of JANUARY, 2021.

GENERAL NOTARY - State of Nebraska
BENJAMIN HOSTETLER
My Comm. Exp. March 3, 2021

(SEAL)

Notary Public

My commission expires 3-3-21 [date].