STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

JUN 14 2023

FILED

CERTIFICATION

June 14, 2023

I, Eric Dunning, 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

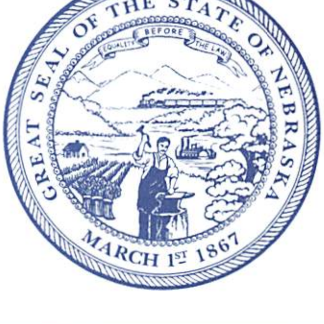
ASSURITY LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2021

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.



DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

ASSURITY LIFE INSURANCE COMPANY

2000 Q STREET

LINCOLN, NE 68503

dated as of December 31, 2021, verified under oath by the examiner-in-charge on May 25, 2023, and received by the company on May 26, 2023, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 14th day of June 2023.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

L Crawford

Lindsay Crawford, CFE
Chief Financial Regulator

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

ASSURITY LIFE INSURANCE COMPANY

as of

December 31, 2021

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Lincoln, Nebraska
May 5, 2023

Honorable Eric Dunning
Director of Insurance
Nebraska Department of Insurance
1526 K Street, Suite 200
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:

ASSURITY LIFE INSURANCE COMPANY
2000 Q Street
Lincoln, Nebraska 68503

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

INTRODUCTION

The State of Nebraska last examined the Company as of December 31, 2017. The current financial condition examination covers the intervening period to, and includes the close of business on December 31, 2021 and 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 a concurrent financial condition examination of the Company's subsidiary, Assurity Life Insurance Company of New York.

SCOPE OF EXAMINATION

The 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.

The Nebraska Department of Insurance made a general review 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, approval of investment transactions, and authorization of salaries 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, 2020 and 2021. 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 can trace its roots back to three Nebraska insurance companies, Woodmen Accident and Life Company (Woodmen), Security Mutual Life Insurance Company and Lincoln Mutual Life Insurance Company. These three companies, including their respective mutual holding companies and related subsidiaries, are the underpinnings of the Company.

Grand Insurance Company (Grand) was organized and commenced business March 20, 1964 as a Michigan insurance company specializing in credit insurance. Grand's Articles of Incorporation were amended to that of a life and disability insurance company effective January 1, 1969. Foremost Life Insurance Company, an Arizona company, was merged into the Company during 1969. On the effective date of the merger, Grand changed its name to Foremost Life Insurance Company.

On June 11, 1996, one hundred percent of the Company's outstanding capital stock was acquired by Woodmen. Effective August 12, 1996 the name of the Company was changed to Assurity Life Insurance Company. The Company was redomesticated to the State of Nebraska on April 1, 1998.

On August 26, 1999, Woodmen filed a Plan of Reorganization with the Nebraska Department of Insurance. The Plan, which was approved by eligible policyholders and the

Nebraska Department of Insurance, became effective on December 31, 1999. Under the Plan, Woodmen was reorganized from a mutual life insurance company to a stock life insurance company. Further, a mutual insurance company, WFR Mutual Insurance Holding Company (WFR), and an intermediate stock holding company, Woodmen Financial Resources, Inc., were formed. On the effective date, Woodmen issued ten million shares of common stock to WFR. Immediately upon this issuance, WFR exchanged the shares of the Company for one hundred million shares of the capital stock of Woodmen Financial Resources, Inc.

On March 1, 2001, with the approval of the Nebraska Department of Insurance, Lincoln Mutual Holding Company (LML) was merged into WFR. Similarly, LML was merged into the intermediate stock holding company of WFR, Woodmen Financial Resources, Inc. The mutual holding company changed its name to Lincoln Insurance Group. The intermediate stock holding company changed its name to LIG, Inc. All policyholders became members of Lincoln Insurance Group. All policy obligations were unaffected by the consolidation.

Effective October 1, 2003, Woodmen merged with and into the Company. For purposes of voting rights under the Nebraska Mutual Holding Company Act, policy owners/members of Woodmen on the effective date and those persons who became policy owners of the Company after the effective date were voting members of the Mutual Holding Company. The owners of policies issued by the Company prior to the effective date were not considered members of the Mutual Holding Company and were not granted membership rights as a result of the merger.

On September 1, 2004, the Nebraska Department of Insurance approved the merger of Security Mutual Life Nebraska Holding Co. into Lincoln Insurance Group, Inc. with the surviving mutual holding company changing its name to Assurity Security Group, Inc. Also merging were SML Holding Co. into LIG, Inc. LIG, Inc. then changed its name to ASG, Inc. The mergers were effective January 1, 2005.

Effective January 1, 2005, Lincoln Direct Life Insurance Company, an affiliate since the March 1, 2001 holding company mergers, was merged with and into the Company.

Effective January 1, 2007, Security Financial Life Insurance Company, an affiliate since the September 1, 2004 merger of mutual holding companies, was merged with and into Assurity Life Insurance Company. Also effective January 1, 2007, the intermediate stock holding company's name was changed from ASG Inc. to Security Financial Inc.

In 2015, Assurity Security Group, Inc. and Security Financial Inc. changed names to Assurity Group, Inc. and Assurity Holdings, Inc. respectively.

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 2021 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

- Assurity Group, Inc.
  - Assurity Holdings, Inc.
    - Assurity Life Insurance Company
      - Assurity PEO Holdings Inc.
        - Resourcing Edge Holding Company LLC (83% Membership Interest)
      - Assurity Life Insurance Company of New York
      - Assurity Ventures Inc.
      - Assurity Real Estate Development Inc.

Shareholder

Article II, Section 2.1 of the Company's By-Laws states that, "not later than June 30 of each year, the Shareholder of the Corporation will elect or designate the members of the Board of Directors of the Corporation and transact such business as is necessary or appropriate."

Article V of the Company's Articles of Incorporation further states that, "the aggregate number of shares which the Corporation shall have authority to issue is Fifty Thousand (50,000) shares of capital stock having a par value of Fifty Dollars ($50) per share." Company records indicate that 50,000 shares were issued and outstanding at year-end 2021. All of the issued capital stock of the Company is held by Assurity Holdings, Inc.

Board of Directors

Article III, Section 3.1 of the Company's By-Laws states that, "the business and affairs of the Corporation shall be managed by its Board of Directors." Section 3.2 of Article III further states that, "the Board of Directors shall consist of not less than five (5) members. Directors shall be elected or designated for one-year terms and until their successors have been qualified and elected, but shall serve at the pleasure of the Shareholder and may be removed at any time, with or without cause."

The following persons were serving as Directors at December 31, 2021:

Name and Residence	**Principal Occupation**
William Robert Cintani Lincoln, Nebraska	President and Chief Executive Officer Mapes Industries
Ryan David Downs San Francisco, California	President Unison
Steven Duane Erwin Lincoln, Nebraska	Former President U.S. Bank National Association
Kathleen Anne Farrell Lincoln, Nebraska	Dean, College of Business Administration University of Nebraska, Lincoln

Name and Residence	**Principal Occupation**
David Swanson Graff Lincoln, Nebraska	Chief Executive Officer HUDL
Caren Lee Hamilton Omaha, Nebraska	Owner Beardmore Chevrolet
Thomas Edward Henning Lincoln, Nebraska	Chief Executive Officer and Retired President of the Company, Chairman of the Board
Susan Keisler-Munro Lincoln, Nebraska	President and Chief Operating Officer of the Company
Marc Edward LeBaron Lincoln, Nebraska	Chairman and Chief Executive Officer Lincoln Industries
Angela Lynn Muhleisen Lincoln, Nebraska	Chairman, Chief Operating Officer and President Union Bank and Trust Company
Lyn Wallin Ziegenbein Omaha, Nebraska	Director Emerita Peter Kiewit Foundation

Officers

Article V, Section 5.1 of the Company's By-Laws states that, "the Officers of the Corporation may include a Chairman of the Board of Directors and shall include a Chief Executive Officer, President, one or more Executive or Senior Vice Presidents, a Chief Financial Officer, a Chief Investment Officer, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. Such other Officers and Assistant Officers as may be deemed necessary may be elected or appointed by the Board of Directors or Chief Executive Officer. Any two or more offices may be held by the same person, except that the Chairman or President may only additionally hold the office of Chief Executive Officer." Section 5.1 was amended during 2021 to "allow for the President to additionally hold the office of Chief Operating Officer." This was done to facilitate the transition in President and Chief Executive Officer. Section 5.2 of Article V further states, "the Officers shall be elected by the Board of Directors annually. The Board of Directors, in its discretion, may elect or appoint a Chairman. The term of office for each Officer shall be for one year or until the due election and qualification of his or her successor."

The following is a listing of Officers elected and serving the Company at December 31, 2021:

Name	**Office**
Thomas Edward Henning	Chief Executive Officer
Susan L. Keisler-Munro	President, Chief Operating Officer
Todd W. Reimers	Senior Vice President, Chief Marketing Officer
Tara D. Benson	Vice President, Operations
Kevin G. Faltin	Vice President, Chief Financial Officer and Treasurer
Jill D. Fiddler	Vice President, General Counsel and Secretary
David D. Lockwood	Vice President, Chief Investment Officer

Committees

Article IV, Section 4.1 of the Company's By-Laws states that, "each year, the Board shall elect not less than three (3) of its members to serve with the Chief Executive Officer as the Executive Committee. The Executive Committee shall exercise all of the powers of the Board between meetings of the Board, except as prohibited by law."

The following persons were serving on the Executive Committee at December 31, 2021:

Thomas Henning	William Cintani
Ryan Downs	David Graff
Steve Erwin	Kathleen Farrell
Marc LeBaron	

Article IV, Section 4.2 of the Company's By-Laws states that, "each year, the Board shall elect not less than three (3) of its members, each of whom shall be independent Directors as defined by the Corporation's Board Policies and all applicable laws or regulations, to serve as the Audit Committee. The Committee shall be responsible for assisting the Board of Directors in fulfilling its oversight responsibilities related to the financial reporting process, internal controls and risk management, the internal and external audit functions, and significant regulatory and compliance activities."

The following persons were serving on the Audit Committee at December 31, 2021:

William Cintani (Chair)	Steven Erwin
Marc LeBaron	Lyn Ziegenbein

Article IV, Section 4.3 of the Company's By-Laws states that, "each year, the Board shall elect not less than three (3) of its members to serve as the Investment and Finance Committee. A majority of the Directors shall be independent Directors as defined by the Corporation's Board Policies. The Investment and Finance Committee's role is to oversee the Corporation's investment and corporate finance transactions, management, policies and guidelines."

The following persons were serving on the Investment and Finance Committee at December 31, 2021:

Steve Erwin (Chair)	Susan Keisler-Munro	David Lockwood
Kevin Hammond	Vic Weber	Steve Hill
Brett West	Steven Coleman	Todd Reimers
Kevin Faltin	Bill Cintani	Angela Muhleisen
Tom Henning	Carey Hamilton	

Article IV, Section 4.4 of the Company's By-Laws states that, "each year, the Board shall elect not less than three (3) of its members, each of whom shall be independent Directors as defined in the Corporation's Board policies, as the Corporate Governance Committee. The Corporate Governance Committee's role is to assist the Board of Directors in implementing and monitoring corporate governance policies and practices of the Corporation."

The following persons were serving on the Corporate Governance Committee at December 31, 2021:

Kathleen Farrell	David Graff
Lyn Ziegenbein	Marc LeBaron

Article IV, Section 4.5 of the Company's By-Laws states that, "each year, the Board shall elect not less than three (3) of its members, each of whom shall be independent Directors as defined in the Corporation's Board policies, as the Compensation Committee. The Compensation Committee's role is to assist the Board of Directors in the discharge of responsibilities relating to compensation of the Corporation's employees and Executive Officers.

The following persons were serving on the Compensation Committee at December 31, 2021:

Ryan Downs (Chair)	Kathleen Farrell
Carey Hamilton	Angela Muhleisen

Article IV, Section 4.6 of the Company's By-Laws states that, "the Board may establish and discontinue standing committees as it may from time to time consider necessary and proper, delegating to each of them such responsibilities and authority as it may deem appropriate and designate a chairman of each committee." This authority was utilized to establish an Innovation and Technology Committee.

The following persons were serving on the Innovation and Technology Committee at December 31, 2021:

David Graff	Bill Cintani
Ryan Downs	Tom Henning
Susan Keisler-Munro	Marc LeBaron
Eric Otterstein	

TRANSACTIONS WITH AFFILIATES

Service Agreement

The Company entered into a Service Agreement between the Company and Assurity Life Insurance Company of New York (ALICNY), effective December 11, 2015. The Company shall provide the following services to ALICNY: general management, policyholder, producer, claims management, policy filing, information technology, new business and underwriting, corporate actuarial, product actuarial, accounting, marketing, and legal and compliance. ALICNY agrees to reimburse the Company at cost for services and facilities provided by the Company pursuant to this agreement. Payments shall be made on no less than a quarterly basis. This agreement may be terminated by any party by giving 90 days written notice to the other parties.

Investment Service Agreement

The Company entered into an Investment Service Agreement between the Company and ALICNY, effective December 11, 2015. The Company shall provide treasury and investment services to ALICNY. ALICNY agrees to pay a fee to the Company of 25 basis points of investable assets for performing services pursuant to the agreement. ALICNY shall bear the cost of all reasonable out-of-pocket costs incurred by the Company. The invoice of the fees and expenses incurred by the Company during the previous quarter shall be due within 30 days from the date of the invoice. This agreement shall not be modified except by writing duly signed by each of the parties, and may be terminated by any party by giving 60 days written notice to the other parties.

Tax Allocation Agreement

The Company entered into a Tax Allocation Agreement with Assurity Group, Inc., Assurity Holdings, Inc., and ALICNY effective December 11, 2015. According to the terms of the agreement, the Company, on behalf of the parties, will file a consolidated federal income tax return for each tax period for which it is eligible to do so. The Company shall also compute and accrue the separate liabilities or benefits, if applicable, for federal and state income taxes of each party. The computation shall take into account all taxable income and tax deductible expense items of each party on an individual basis and shall be performed so as to compute the separate tax liability or tax benefit of each party, independent of any other members of the consolidated group. Each party's liability may be paid to the Company annually or, at the Company's option, quarterly at or around the 15th of April, June, September, and December, when the Company is lawfully obligated to make estimated federal income tax payments. The parties shall make final settlement of prior year's tax liability not later than 10 days after filing the Federal and State consolidated income tax returns. This agreement shall not be modified or terminated except by writing duly signed by each of the parties, and may be terminated by any party by giving 30 days written notice to the other parties.

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 and all states except New York. Business is produced primarily through two divisions, Individual and Worksite Sales, and is based on a regional team structure. All sales are under the direction of the Senior Vice President and Chief Distribution Officer. Assurity has two distinct sales channels – an individual sales channel and a business sales channel. Both are independent, general brokerage system operations. The individual sales channel is focused on recruiting national marketing organizations and smaller managing general agents who provide a varying degree of services to their downline hierarchy and bring their network of producers to Assurity, usually for selected product offerings. The business sales channel is primarily focused on developing a network of worksite brokers to work with directly versus through a hierarchy of other management.

REINSURANCE

Assumed – Disability Income

Commencing September 1, 2000, the Company assumed the individual disability income business in force of Farm Bureau Life Insurance Company of West Des Moines, Iowa (Farm Bureau Life) on a 100% coinsurance basis. Beginning September 1, 2001, the Company assumed the individual disability business acquired by Farm Bureau Life from the Kansas Farm Bureau Life of Manhattan, Kansas on a 100% coinsurance basis.

Beginning July 1st, 2003, the Company assumed a block of individual disability income business in force with Nationwide Life Insurance Company on a 100% coinsurance basis.

Ceded – Individual Life

Whole Life products are reinsured on a yearly renewable term basis. The Company retains the first $275,000, all ages, standard and substandard risks with a minimum cession of $25,001. The reinsurer will automatically bind the Company to a maximum of $1,500,000.

Universal Life products are reinsured on a yearly renewable term basis. The Company retains the first $275,000, all ages, standard and substandard risks with a minimum cession of $25,000. The reinsurer will automatically bind the Company to a maximum $2,500,000.

In addition to the Universal Life product above, an additional Universal Life product was introduced April 1st, 2018. It is reinsured on a yearly renewable term basis. The company retains the first $275,000 with a minimum cession of $5,001.

New term products were introduced September 1, 2017, with traditional and non-traditional distribution channels. These products were originally reinsured on a yearly renewable term basis. The company retained 75%, up to the treaty retention of $275,000. Effective January 1, 2019, a coinsurance treaty was executed for these term products which were issued through the traditional distribution channels. The 10 and 15 year term products have a $275,000 retention. The reinsurer will automatically bind the Company to a maximum $2,500,000. The 20 year term product has a 60% retention, and the 30 year term product has a 10% retention. For the non-traditional distribution channels, all term products have a 10% retention.

For individual accidental death benefit riders, a bulk agreement exists which provides 100% reinsurance for these riders.

Two first dollar quota share and excess treaties, effective May 1, 2008 through April of 2018, reinsure the Company's term products and riders issued during this period. Under the NonMed Term 350 agreement, covering 10, 15, 20 and 30 Year Term (less than or equal to $350,000), the Company retains 10% of the risk until its maximum retention of $275,000 is reached at which time the reinsurer accepts 100% of the remaining risk. The Company retains 50% of the Critical Illness Rider. This agreement was amended effective March 1, 2015, such that for policies with application dates 3/1/2015 and after, the Company retains 50% of the risk up to its maximum retention of $275,000 and the reinsurer accepts 100% of the remaining risk. The minimum amount of reinsurance accepted on an individual life under the agreement is now $25,000 with an automatic binding limit of $175,000.

The second first dollar quota share agreement, the Term 350+ agreement, reinsures 10, 15, 20 and 30 Year Term (greater than $350,001 for all ages and greater than $100,001 for ages 66-74). The Company retains 10% of the risk until its maximum retention of $275,000 is reached at which time the reinsurer accepts 100% of the remaining risk. The Company retains 50% of the Critical Illness Rider. Effective March 1, 2015, the Term 350+ agreement was terminated and replaced with a standard yearly renewable term basis treaty. Under this treaty, the Company retains the first $275,000 of face amount. The Company retains 50% of the Critical Illness Rider on a first dollar quota share basis.

Effective January 1, 2016, the Company entered into a Group Life Insurance Automatic Reinsurance Agreement with First National Life Insurance Company of the USA. Under the terms of the agreement, the Company cedes a 90% quota share of different classes of credit life business associated with student loan lending.

GEAR and LP 85 conversion products are reinsured on a yearly renewable term basis. The Company retains the first $275,000, all ages, standard and substandard risks with a minimum cession of $25,001. The reinsurer will automatically bind the Company to a maximum of eight times the retention for all ages, all mortality tables.

The Company also has other ceded life reinsurance arrangements, generally covering policy forms no longer issued. These contracts remain in effect on a run-off basis.

Ceded – Disability Income

Disability income policies issued by the Company after July 12, 2010, are reinsured on an alpha-split basis. The reinsurance consists of excess of loss coverage on a coinsurance basis. Benefit periods of ten years or less have a retention of $3,000. To age sixty-five or sixty-seven benefit periods have a retention of $1,500. Overhead expense policies have a retention of $3,000. The reinsurer will automatically accept 100% of the excess over the Company's retention to the issue limit of $4,000 (provided that total amount applied for on the same risk with all insurance companies does not exceed $4,000 of monthly indemnity benefit).

Effective March 1, 2017, graded benefit disability income policies with benefit periods of thirty years or less have a retention of $3,000, while to age sixty-five, sixty-seven, or ninety-nine benefit periods have a retention of $1,500.

Effective October 1, 2004, the Company reinsured the Specified Illness Living Benefit products under a different agreement. The Company retains 15% to a maximum of $100,000 on Simplified Issue Critical Illness policies and 20% to a maximum of $100,000 on regular Critical Illness policies. The reinsurer automatically accepts $50,000 for the simplified issues and $0 for the regular issues. Risks may be facultatively reinsured to a maximum of $50,000 for the simplified issues and $500,000 for the regular issues.

Effective June 1, 2019, a new Specified Illness Living Benefit product was available for issue. The Company retains the first $50,000 for this product. This product is covered under a YRT agreement.

Various disability income business acquired from Farm Bureau Life Insurance Company is ceded to two reinsurers on a split alphabet basis effective January 1, 2001 and September 1, 2001. Depending on the disability income block the Company retains either $2,500 or $3,000 of monthly benefit for benefit periods of five years or less and $1,500 of monthly benefit on to age 65 policies. Recaptured disability income policies are also reinsured on a split alphabet basis effective January 1, 2002. The Company retains $3,000 of monthly benefit for benefit periods of five years or less and $1,500 of monthly benefit on to age 65 policies.

Disability income business acquired from Nationwide Life Insurance Company is ceded effective January 1, 2007. The Company retains $3,000 of monthly benefit for benefit periods of five years or less and $1,500 of monthly benefit for the benefit period to age 65 policies

Graded benefit disability income policies and approved riders produced through Inn Re Underwriters, Inc. are ceded on a coinsurance basis under an agreement effective November 1, 2003. The Company will retain a 20% quota share to its maximum retention of $2,200. The reinsurer will accept 80% up to $6,000 per life. The automatic issue limit is $7,500 per life.

Effective January 1, 2007, the Company reinsures the Specified Illness Living Benefit product marketed through its Worksite sales channel under a separate treaty. The Company retains 50%. The maximum policy issued is $100,000.

The Company also has other ceded disability and health reinsurance arrangements, generally covering policy forms no longer issued. These contracts remain in effect on a run-off basis.

Ceded – Group Life and Group Accident and Health

Effective July 1, 2000, the Company entered into a Master Agreement and a Reinsurance Contract with GMS Reinsurance Company, Ltd. Under these agreements, the Company cedes 100% of its Group Life, Group Health and Group Disability coverage issued to, by or through The Great Lakes Employers Association, Inc., to GMS. This business is considered monthly renewable term, and as such there are no unearned premiums. GMS is considered an unauthorized reinsurer, and as such its liabilities are secured by a letter of credit.

Effective January 1, 2003, the Company reinsurers Group Life business under an automatic treaty, with facultative option, that cedes the excess of $80,000 for basic and optional life coverages. Reinsurance ceded under this agreement is eligible for an experience refund.

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:

	2018	2019	2020	2021
Bonds	$1,724,198,983	$1,666,328,707	$1,730,708,072	$1,756,205,288
Admitted assets	2,626,828,877	2,571,183,754	2,642,768,450	2,660,630,692
Aggregate life reserves	1,662,530,370	1,646,831,197	1,627,875,716	1,619,230,212
Total liabilities	2,289,280,663	2,225,892,785	2,274,518,501	2,265,994,012
Capital and surplus	337,548,214	345,290,969	368,249,956	394,636,688
Premium income	198,736,175	199,172,422	196,507,744	197,967,113
Net investment income	105,581,980	101,445,742	99,882,152	104,236,030
Death benefits/annuity benefits/disability benefits	108,196,158	119,144,147	133,864,294	143,000,775
Net income	11,071,427	11,869,286	12,587,841	21,927,496
Life insurance in-force (in thousands)	19,301,674	22,265,984	22,968,377	23,292,216

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, 2021. 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, 2021

Assets

	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$1,756,205,288		$1,756,205,288
Preferred stocks	28,715,899		28,715,899
Common stocks	127,047,406	$ 2,032,300	125,015,106
Mortgage loans	426,333,242		426,333,242
Real estate occupied by the company	41,567,772		41,567,772
Real estate held for production of income	5,271,138		5,271,138
Real estate held for sale	2,751,119		2,751,119
Cash and cash equivalents	5,202,449		5,202,449
Contract loans	117,987,765	52,894	117,934,871
Other invested assets	67,266,221	173,267	67,092,954
Subtotal, cash and invested assets	$2,578,348,298	$ 2,258,461	$2,576,089,838
Investment income due and accrued	17,969,018	407,889	17,561,129
Uncollected premiums and agents' balances in the course of collection	13,204,249	599,133	12,605,116
Deferred premiums and agents' balances not yet due	30,700,724		30,700,724
Reinsurance recoverable	3,874,204		3,874,204
Other amounts receivable under reinsurance	1,098,926		1,098,926
Current federal income tax recoverable	2,678,162		2,678,162
Net deferred tax asset	22,264,095	7,835,478	14,428,617
Guaranty funds receivable or on deposit	458,788		458,788
Electronic data processing equipment and software	3,122,374	2,377,455	744,919
Furniture and equipment	255,446	255,446	
Receivable from parent, subsidiaries	17,964		17,964
GMS receivable	372,303		372,303
Other non-admitted assets	2,553,732	2,553,732	
Prepaid expenses	50,114	50,114	
Miscellaneous receivable	3,733	3,733	
Totals	$2,676,972,134	$16,341,442	$2,660,630,692

Liabilities, Surplus, and Other Funds

Aggregate reserve for life contracts	$1,619,230,212
Aggregate reserve for accident and health contracts	199,593,975
Liability for deposit-type contracts	138,778,351
Contract claims:	
Life	16,618,908
Accident and health	13,780,979
Provision for policy holders' dividends	9,840,000
Premium and annuity considerations	406,260
Contract liabilities:	
Provision for experience rating refunds	5,539
Other amounts payable on reinsurance	1,226,026
Interest maintenance reserve	29,776,983
Commissions to agents due or accrued	540,199
General expenses due or accrued	17,496,448
Taxes, licenses and fees due or accrued	2,341,887
Amounts withheld or retained by company as agent or trustee	1,465,076
Amounts held for agents' account	26,529
Remittances and items not allocated	8,041,290
Borrowed money	150,000,000
Asset valuation reserve	49,569,290
Payable for securities	2,625,770
Deferred gain	1,518,205
Tif financing obligation	2,879,692
Interest accrued on unpaid life and annuity claims	168,498
Payable for capitalized items	63,894
Total liabilities	$2,265,994,012
Common capital stock	$ 2,500,000
Gross paid in and contributed surplus	600,000
Unassigned funds (surplus)	391,536,688
Total capital and surplus	$ 394,636,688
Totals	$2,660,630,701

SUMMARY OF OPERATIONS – 2021

Premiums and annuity considerations	$197,967,113
Considerations for supplementary contracts with life contingencies	1,179,951
Net investment income	104,236,030
Amortization of interest maintenance reserve	4,683,064
Commissions and expense allowances on reinsurance ceded	13,946,060
Miscellaneous income	406,572
Total	$322,418,789
Death benefits	88,423,174
Matured endowments	727,696
Annuity benefits	6,721,649
Disability benefits and benefits under accident and health contracts	47,855,952
Surrender benefits and withdrawals for life contracts	46,422,853
Interest and adjustments on contract or deposit-type contract funds	3,161,408
Payments on supplementary contracts with life contingencies	1,899,728
Increase in aggregate reserves for life and accident and health contracts	(9,855,799)
Totals	$185,356,661
Commissions on premiums, annuity considerations, and deposit-type contracts	43,245,782
Commissions and expense allowances on reinsurance assumed	318,507
General insurance expenses	60,858,910
Insurance taxes, licenses and fees	8,117,182
Increased loading on deferred and uncollected premiums	94,314
Fund deposit fees	470
Totals	$297,991,827
Net gain from operations before dividends, refunds to members and federal income taxes and net realized capital gains	$ 24,426,963
Dividends to policyholders and refunds to members	9,774,567
Federal income taxes incurred	(3,902,406)
Net realized capital gains	3,372,694
Net income	$ 21,927,496

CAPITAL AND SURPLUS ACCOUNT

	2018	2019	2020	2021
Capital and surplus, beginning	$334,679,674	$337,548,220	$345,290,973	$368,249,966
Net income	$ 11,071,427	$ 11,869,286	$ 12,587,841	$ 21,927,496
Change in net unrealized capital gains	(10,436,640)	11,068,277	6,303,084	2,176,074
Change in net deferred income tax	1,083,055	2,510,384	(1,655,527)	(235,914)
Change in nonadmitted assets	(1,475,655)	(7,812,847)	12,711,813	2,453,131
Change in asset valuation reserve	5,329,538	(11,061,808)	(6,653,381)	(505,414)
Cumulative effect of changes in accounting principles	(4,042,680)			
Surplus adjustment paid in			600,000	
Dividends to stockholders			(600,000)	
Changes in transition pensions	6,008,460			
Premium reserves correction of error	2,505,953			
Change in other post retirement liability	195,400	623,562	247,862	571,349
Pension plan termination and settlement		545,899		
Critical illness reserves correction of an error	(947,695)			
Return of premium correction of an error	(1,109,388)			
Change in HO & FF pension	(5,313,228)			
FF suppl retirement plan correction of error			(582,699)	
Net change for the year	$ 2,868,546	$ 7,742,754	$ 22,958,993	$ 26,386,723
Capital and surplus, ending	$337,548,220	$345,290,973	$368,249,966	$394,636,688

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of $391,536,688, as reported in the Company's 2021 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

The recommendations appearing in the previous report of examination are reflected below together with the remedial actions taken by the Company to comply therewith:

> **Quarterly Approval of Investment Activity** – It is recommended that the Company ensure that its Board of Directors, or subsidiary Investment and Finance Committee, approves quarterly investment activity, and this approval is documented in meeting minutes.
>
> **Action:** The Company has complied with this recommendation.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

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

SUBSEQUENT EVENT

SALE OF REI

On March 1, 2022, Assurity PEO Holdings, Inc. directed Resourcing Edge Holding Company, LLC (REI) to sell the operations of REI to a third party for $50,500,000 of which $4,000,000 is due on March 1, 2023. Assurity PEO Holdings, Inc. transferred its 83.12% portion of the sales proceeds to the Company in the form of a return on capital of $13,022,300 and a common stock affiliated dividend in the amount of $23,532,835, net of tax.

SUMMARY OF COMMENTS AND RECOMENDATIONS

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

ACKNOWLEDGMENT

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

In addition to the undersigned, Skyler Lawyer, CFE, Michael Sullivan, CFE, Alexis Anderson, and Caden Boesiger, Financial Examiners; Gary Evans, CISA, AES, CFE, Information Systems Specialist; and Michael Muldoon, MAAA, ASA, FCA, Chief Actuary and Josh Wearne, Actuarial Examiners; all with the Nebraska Department of Insurance, as well as Denise L. Saunders, Financial Examiner, with the New York Department of Financial Services; participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

Tadd K. Wegner

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Tadd K. Wegner, CFE
Supervisory Examiner
Department of Insurance
State of Nebraska

State of Nebraska,

County of Lancaster,

Tadd K. Wegner, 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 Assurity Life 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 Assurity Life 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.

Tadd K. Wegner
Examiner-in-Charge's Signature

Subscribed and sworn before me by Tadd K. Wegner on this 25 day of May, 2023.

GENERAL NOTARY - State of Nebraska
PATRICIA K. HILL
My Comm. Exp. August 8, 2023

(SEAL)

Patricia K. Hill
Notary Public

My commission expires 8-8-23 [date].