

JUN 14 2025

FILED

CERTIFICATION

June 14, 2025

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

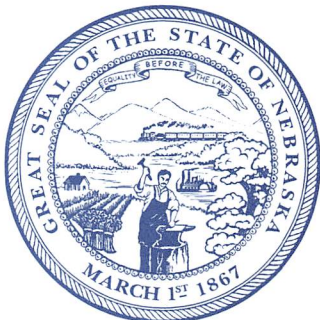
CONTINENTAL AMERICAN INSURANCE COMPANY

AS OF

DECEMBER 31, 2023

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

CONTINENTAL AMERICAN INSURANCE COMPANY

1600 WILLIAMS STREET

COLUMBIA, SC 29201

dated as of December 31, 2023, verified under oath by the examiner-in-charge on
April 16, 2025, and received by the company on May 20, 2025, has been adopted
without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 4th day of June 2025.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

A handwritten signature in black ink that reads "Tadd R. Wegner". The signature is written in a cursive, flowing style.

Tadd Wegner, CFE
Chief Financial Regulator

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

CONTINENTAL AMERICAN INSURANCE COMPANY

as of

December 31, 2023

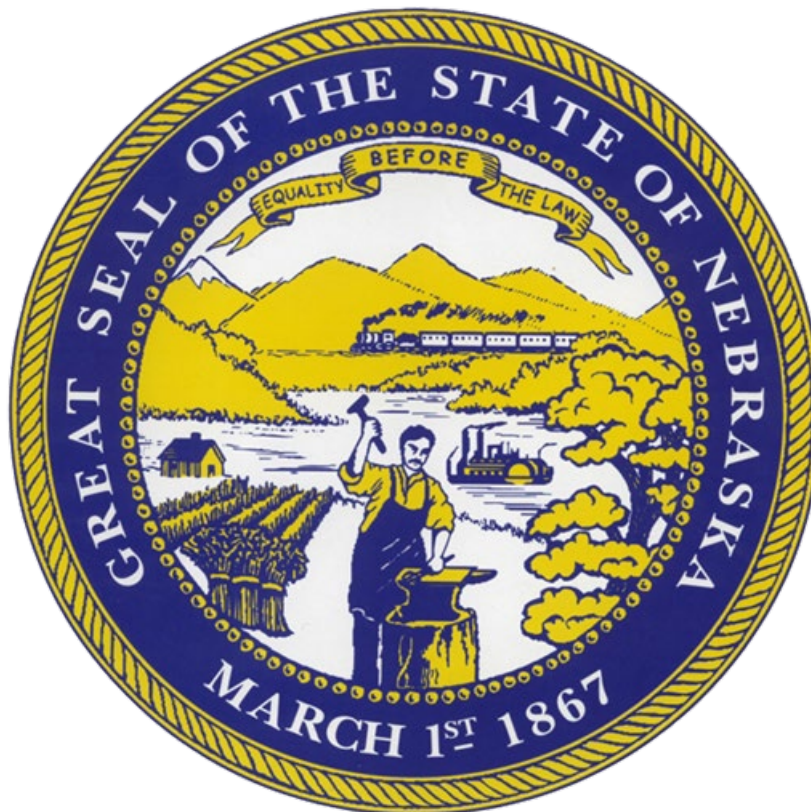


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Omaha, Nebraska
April 16, 2025

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:

CONTINENTAL AMERICAN INSURANCE COMPANY

which has its Statutory Home Office located at

**10306 Regency Parkway Drive
Omaha, Nebraska 68114-3743**

with its Principal Executive Office located at

**1600 Williams Street
Columbia, South Carolina 29201**

(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, 2019. The current financial condition examination covers the intervening period to, and includes the close of business on December 31, 2023 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 concurrent financial condition examinations of the Company's affiliates American Family Life Assurance Company of Columbus (Aflac-Columbus), American Family Life Assurance Company of New York (Aflac-NY) 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 as the participating state. 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, 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 its audit of the Company's accounts for the years ended December 31, 2022, and 2023. 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 November 25, 1968, and commenced business on January 3, 1969, under the name Carolina American Life Insurance Company. The Company began as a standalone, and its initial plan of operation was to write voluntary workplace supplemental health products on a group basis.

Effective December 31, 1983, the Company merged with and retained the name of Carolina Continental Insurance Company. Effective October 1, 1999, the Company changed its name to Continental American Insurance Company.

Effective September 31, 2009, Aflac Incorporated (Aflac Inc.) acquired the Company from its previous owners, the Goodall family. Another subsidiary of Aflac Inc., Aflac-Columbus, had established a presence in the voluntary workplace market, but its products were marketed on an individual basis. Aflac Inc. wanted to enter the group business and determined that the Company's culture fit its existing culture.

Effective December 31, 2016, the Company redomesticated from South Carolina to Nebraska. The redomestication was completed pursuant to written consent of the Company's Board of Directors and with the approval of the South Carolina Department of Insurance. In connection with the redomestication, the Company filed a Restated Articles of Incorporation effectively becoming a Nebraska corporation.

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 2023 Annual Statement, is represented by the following (subsidiaries are denoted through use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

- Aflac Incorporated
 - Aflac Asset Management LLC
 - Aflac Asset Management Japan Ltd.
 - Global Alternatives Fund SPC
 - Global Alternatives Private Equity Portfolio SP
 - Global Alternatives Real Estate Portfolio SP
 - Aflac Benefits Advisors, Inc.
 - Aflac Global Ventures LLC
 - Aflac Ventures India Fund LLC
 - Aflac Ventures Japan KK
 - Hatch Healthcare Kk
 - Aflac Ventures LLC
 - Lapetus Solutions, Inc.
 - Medical Note, Inc.

Sensely Corporation
 Aflac Ventures Labs LLC
 Aflac Ventures Seed Fund LLC
 Aflac GI Holdings LLC
 Denham Sustainable Infra GP LLC
 Denham Sustainable Infra Management LP
 Sound Point Commercial Real Estate Finance LLC
 Wildlife Direct Leading Management MGP, LLC
 Aflac Holdings LLC
 Aflac Life Insurance Japan Ltd.
 Aflac Heartful Services Company, Ltd.*
 Aflac Digital Services Company, Ltd.
 Aflac Insurance Services Company, Ltd.
 Aflac Payment Services Company, Ltd.
 Aflac Pet Small-amount-and-Short-term Insurance Company, Ltd.
 Global Alternatives Private Equity Sub-Trust A**
 Global Alternatives Real Estate Equity Sub-Trust B**
 Global Investment Fund I
 Oconee Real Estate Holdings I LLC
 Oconee Real Estate Holdings II LLC ***
 Oconee Real Estate Holdings III LLC
 Taghkanic Real Estate Holdings I LLC ****
 Tsusan Co., Ltd.
 Aflac Information Technology, Inc.
 Simple Technology, LLC
 Aflac International, Inc.
 Aflac Northern Ireland, Ltd.
 American Family Life Assurance Company of Columbus
 Aflac InfoSec Services LLC
 Aflac Re Bermuda Ltd.
 American Family Life Assurance Company of New York
 Empoweredbenefits LLC
 Phoenicia Real Estate Holdings I LLC
 Communicorp, Inc.
 Continental American Insurance Company
 Continental American Group, LLC
 Empowered Insure LLC
 Tier One Insurance Company

* 79.4% owned by Aflac Life Insurance Japan, Ltd., 9.9% owned by Aflac Insurance Services Co., Ltd., 9.9% owned by Aflac Payment Services Co., Ltd., and 0.8% owned by Tsusan Co., Ltd.

** 90.1% owned by Aflac Life Insurance Japan, Ltd., and 9.9% owned by American Life Assurance Company of Columbus.

*** 86.13% owned by Global Investment Fund I, and 13.87% owned by American Life Assurance Company of Columbus.

**** 80.8% owned by Global Investment Fund I, and 19.2% 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 200,000 shares of voting common stock of \$25.00 par value per share; and 10,000 shares of preferred stock of \$100.00 par value per share." The Company has 100,000 shares of common stock issued and outstanding, and 3,000 shares of preferred stock issued and outstanding. All outstanding common and preferred shares of the Company are owned by the parent holding company, Aflac Inc., whose shares are publicly traded on the New York Stock Exchange. No dividends were declared to the parent company during the exam period.

Article 2, 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." Section 2.2 of the Company's By-Laws goes on to state, "the annual meeting of the Shareholders shall be held for the purpose of electing Directors and transacting any and all business that may properly come before the meeting (i) on the third Tuesday in June of each year unless that day is a legal holiday, and in that event on the next succeeding business day, or (ii) at such other date and time as shall be determined by the Board of Directors provided that such date is no more than 30 days prior or 30 days subsequent to the third Tuesday in June of each year."

Surplus Note

On December 21, 2020, the Board of Directors of the Company approved the issuance of a \$50 million surplus note to Aflac, Inc. in exchange for cash of the principal balance owed on the note. The terms of the surplus note calls for annual simple interest payments at a per annum

of 1.7% subject to the approval of the Director of Insurance for the State of Nebraska. The surplus note is five years in duration and is scheduled to mature on December 21, 2025.

Board of Directors

Article 3, 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.”

Article 3, Section 3.2 of the Company’s By-Laws 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 goes on to state, “each Director elected shall hold office until the next succeeding annual meeting of 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 on December 31, 2023:

<u>Name and Residence</u>	<u>Principal Occupation</u>
Daniel Paul Amos Columbus, Georgia	Chairman of the Board and Chief Executive Officer, Aflac Incorporated
Max Kristian Brodén Columbus, Georgia	Executive Vice President, Chief Financial Officer, Aflac Incorporated
Lawrence Francis Harr Omaha, Nebraska	Partner, Lamson, Dugan and Murray
Thomas Joseph Kenny Santa Barbara, California	Former Partner and Co-Head of Global Fixed Income, Goldman Sachs Asset Management
Karole Friday Lloyd Atlanta, Georgia	CPA and retired Managing Partner, Ernst & Young, LLP

Name and Residence**Principal Occupation**

Virgil Raynard Miller
Columbus, Georgia

President, Aflac Incorporated

Officers

Article 4, 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 President, Secretary, Assistant Secretary, Treasurer, and Assistant Treasurer." Section 4.1 of the By-Laws also states that, "the Board may, at its discretion, leave any of the above offices vacant for any length of time."

The following is a listing of Officers elected and serving the Company on December 31, 2023:

Name**Office**

Daniel P. Amos
Virgil R. Miller
Max K. Brodén
Bradley E. Dyslin

Chairman of the Board of Directors
President
Executive Vice President, Treasurer
Executive Vice President, Global Chief Investment Officer

Audrey B. Tillman
Steven K. Beaver
Scott A. Beeman
Jon A. Edgington

Executive Vice President, General Counsel
Senior Vice President, Chief Financial Officer
Senior Vice President, Group Life and Disability
Senior Vice President, Sales Operations and Analytics

Keith P. Farley
Jeri Hawthorne

Senior Vice President, Individual Voluntary Benefits
Senior Vice President, Chief Human Resources Officer

Thomas L. McDaniel, Jr.

Senior Vice President, Chief Auditor and Chief Compliance Officer

Robert R. Ruff
Jeffrey Arrington
Tyler Bennett
Nicholas G. Bettin

Senior Vice President, Group Voluntary Benefits
Vice President, Individual Voluntary Benefits
Vice President, Digital Service Solutions Experience
Vice President, Corporate Finance; Assistant Treasurer

Robin L. Blackmon

Vice President, Deputy Chief Accounting Officer

<u>Name</u>	<u>Office</u>
Michael Bruder	Vice President, Financial Regulatory Reporting
Kevin Gordon	Vice President, Group Benefits Administrative Solutions
Belva Greenage	Vice President, Premier and Preferred Account Management
J. Matthew Loudermilk	Vice President, Corporate Secretary
Mark C. Massey	Vice President, Actuarial Valuation, and Appointed Actuary
Robert P. Moran	Vice President, Actuarial Pricing and Financial Services
James T. Faile, Jr.	Second Vice President, Premier Broker Relationship
X. May Liu	Global Head of Credit
Brooke R. Phillips	Assistant Secretary
James M. Rizzo	U.S. Chief Investment Officer

Committees

Article 3, 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 on December 31, 2023:

Daniel P. Amos, Chairman	Max K. Brodén
Karole F. Lloyd	

The following persons were serving on the Finance and Investment Committee on December 31, 2023:

Thomas J. Kenny, Chairman	Max K. Brodén
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 December 7, 2016, the Company entered into a Master Intercompany Services and Facilities Agreement with Aflac-Columbus, whereby both companies are able to provide personnel services, certain property, equipment, and facilities to the other party. The service 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 a Master Intercompany Services and Facilities Agreement with Aflac Benefits Advisors, Inc., whereby both companies are able to provide personnel services, certain property, equipment, and facilities to the other party. The service 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 a Master Intercompany Services and Facilities Agreement with Aflac Global Ventures LLC (formerly Aflac Corporate Ventures LLC), whereby both companies are able to provide personnel services, certain property, equipment, and facilities to the other party. The service 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 an Administrative Services Agreement with Aflac-NY, whereby the Company is able to provide personnel services, certain property, equipment, and facilities to Aflac-NY. The service fee, paid by Aflac-NY, is an expense-based allocation that includes a small intercompany profit charge.

Effective April 1, 2018, the Company entered into a Master Intercompany Services and Facilities Agreement with Aflac Inc., whereby both companies are able to provide personnel

services, certain property, equipment, and facilities to the other party. The service fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge.

Effective July 1, 2020, the Company entered into a Master Intercompany Services and Facilities Agreement with Aflac Northern Ireland (formerly NIO Innovative Technologies Ltd.) whereby both companies are able to provide personnel services, certain property, equipment, and facilities to the other party. The service fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge.

Effective January 1, 2023, the Company entered into a Master Intercompany Services and Facilities Agreement with Communicorp, Inc., whereby both companies are able to provide personnel services, certain property, equipment, and facilities to the other party. The service fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge.

Effective November 7, 2023, the Company entered into a Master Intercompany Services and Facilities Agreement with TOIC, whereby both companies are able to provide personnel services, certain property, equipment, and facilities to the other party. The service fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge.

Intercompany Currency Conversion Agreement

Effective May 1, 2015, 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 Management Agreement

On January 1, 2018, the Company entered into an Investment Advisory Agreement with Aflac Asset Management LLC (AAM). AAM provides investment management services to the

Company and is responsible for compliance with the Company's investment objectives, policies, guidelines and restrictions, as well as applicable law and related regulations. In return, the Company pays an investment management fee equal to the actual cost incurred by AAM plus 5% of such actual costs.

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, payable or refundable, is completed when Aflac Inc. makes payment to, or receives funds from, the Internal Revenue Service.

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.

Prior to its acquisition by Aflac Inc., the Company wrote exclusively through independent brokers, consistent with traditional marketing of group business. Subsequent to the acquisition, the field force of independent agents of Aflac-Columbus began producing business on behalf of the Company. This led to increased levels of premium writings. During the prior exam period, first-year commissions paid on the new business contributed to higher expense ratios. Further, home office acquisition expenses related to administration of the new business resulted in even higher expense ratios. A new policy administration system that is expected to increase operation efficiencies and reduce administrative expenses is being implemented.

During this exam period, the Company marketed group accident, critical illness, hospital indemnity, whole life, term life and dental indemnity products in Nebraska.

REINSURANCE

Assumed

Prior to November 30, 2018, the Company assumed reinsurance from Swiss Reinsurance of Switzerland (Swiss Re), originally effective December 31, 2014, and Munich Reinsurance (Munich Re), originally effective April 1, 2015. On November 30, 2018, the Company entered two separate novation agreements with Swiss Re and Munich Re, to novate, assign, and transfer the existing assumed blocks of business to Aflac-Columbus. As a result of these agreements, the Company transferred \$110.2 million in reserves and assets to Aflac-Columbus in exchange for \$10 million of commission income.

Ceded

On September 24, 2012, the Company executed a modified coinsurance (Modco) quota share treaty with Aflac-Columbus. The treaty was retroactive to January 1, 2012. The terms of the treaty called for the Company to cede 50% of new and existing sales as they relate to its accident and critical illness products only. The treaty also outlined that the Company would cede 50% of all paid claims, paid commissions, and changes in reserves on the above-mentioned sales. For the period ending December 31, 2023, the Company ceded approximately \$264.1 million in earned premiums, while paying approximately \$100.4 million in incurred claims, \$66.5 million in incurred commissions, and \$79.1 million in operating expenses. Under the provisions of the Modco coinsurance agreement, the Company maintains a segregated portfolio of securities that support the ceded policy liabilities. Net investment income in the amount of approximately \$6.6 million was credited to Aflac-Columbus in 2023.

Effective January 1, 2015, the Company entered an agreement with SCOR Global Life USA Reinsurance Company (SCOR), whereby SCOR assumes 100% of the Company's Accidental Death Carve-Out up to a limit of \$600,000 per person.

Effective September 1, 2016, the Company executed a coinsurance quota share treaty with RGA Reinsurance Company (RGA). The Company retains 50% of each policy, for specific group life plans, up to a maximum of \$150,000 per life.

Effective October 1, 2017, the Company entered a quota share reinsurance agreement with Sun Life Assurance Company of Canada (Sun Life), whereby Sun Life assumes certain life, short-term disability, and long-term disability business from the Company. The percentage to be retained by the Company ranges based on the type of business but must be decided by the Company within a specified timeframe.

Effective December 31, 2017, the Company executed a coinsurance quota share treaty with Aflac Reinsurance Company (ARC). On April 1, 2018, ARC was part of a statutory merger and is now Aflac-Columbus. The terms of the agreement call for the Company to cede 85% of the premiums assessed and 100% of the claims incurred on an existing block of whole life group business.

Effective January 1, 2020, the Company entered a quota share reinsurance agreement with Sequoia IC to cede 60% of certain group accident and health business.

Effective January 1, 2020, the Company entered a quota share reinsurance agreement with BenPool Re IC (BenPool), whereby BenPool assumes 50% of certain group accident and health policies from the Company.

Effective January 1, 2021, the Company entered into an excess of loss reinsurance agreement with Munich American Reassurance Company (MARC) to retrocede a portion of the

long-term disability product that was originally written by Zurich American Life Insurance Company. The agreement with MARC is subject to a retention limit of \$15,000 per person per loss, or \$10,000 per person per loss based on certain business classifications.

Effective January 1, 2021, the Company entered into an excess of loss reinsurance agreement with RGA to retrocede a portion of the group life and accidental products that were originally written by Zurich American Life Insurance Company. The agreement with RGA is subject to a retention of \$1,000,000 each loss, each insured person and RGA's liability is subject to a maximum of \$5,000,000 each loss, each insured person.

Effective July 1, 2022, the Company entered into a reinsurance agreement with Spirit Insurance Company to cede all liabilities except a retention corridor between \$20,000,000 and \$100,000,000 of group life and accidental death and dismemberment business.

Effective January 1, 2023, the Company entered into a reinsurance agreement with Saddle Brook Insurance Company to cede all liabilities above the Company's retention limit of \$100,000,000 of group life and accidental death and dismemberment business.

Effective January 1, 2023, the Company entered into an excess of loss reinsurance agreement with Diversified Foods Insurance Company to cede all liabilities above the Company's retention limit of \$100,000,000 of group life and long-term disability business.

Effective January 1, 2023, the Company entered into a network reinsurance agreement with Zurich Insurance Company Ltd (Zurich). Through this network, the Company was able to cede 100% of certain life and accidental death and disability business.

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:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$491,083,953	\$602,359,209	\$ 702,270,125	\$ 794,294,613
Admitted assets	896,885,313	933,698,229	1,138,532,937	1,336,740,309
Aggregate reserves for life contracts	59,634,130	62,665,101	65,415,197	73,720,405
Aggregate reserves for accident and health contracts	192,543,897	203,141,313	205,531,851	260,468,863
Total liabilities	625,676,290	690,155,241	778,564,255	938,954,816
Capital and surplus	271,209,023	243,542,987	359,968,681	397,785,493
Premium income	495,895,776	516,157,001	556,873,204	757,820,784
Net investment income	19,065,114	21,110,111	23,231,164	36,738,361
Disability benefits	199,115,631	191,085,345	202,484,183	276,469,916
Net income	976,597	(29,975,410)	(68,596,014)	(121,284,866)

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, 2023. 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, 2023

<u>Assets</u>		<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
	<u>Assets</u>		
Bonds	\$ 794,294,613		\$ 794,294,613
Cash and cash equivalents	301,051,065		301,051,065
Contract loans	5,538,788		5,538,788
Receivable for securities	<u>170,683</u>		<u>170,683</u>
Subtotal, cash and invested assets	\$1,101,055,149		\$1,101,055,149
Investment income due and accrued	8,192,229		8,192,229
Premiums in the course of collection	143,725,240	\$15,111,014	128,614,226
Deferred premiums	278,527		278,527
Amounts recoverable from reinsurers	28,569,556		28,569,556
Other amounts receivable under reinsurance contracts	37,041,970		37,041,970
Amounts receivable relating to uninsured plans	3,326,255		3,326,255
Guaranty funds receivable	1,628,508		1,628,508
Electronic data processing equipment	169,629		169,629
Furniture and equipment	1,591,615	1,591,615	
Receivables from parent and affiliates	26,963,266		26,963,266
Health care receivable	22,611,216	22,611,216	
Other assets	900,703	(291)	900,994
Leasehold improvements	1,336,744	1,336,744	
Prepaid expenses	2,116,322	2,116,322	
Interest maintenance reserve	<u>606,703</u>	<u>606,703</u>	
Total Assets	<u>\$1,380,113,632</u>	<u>\$43,373,323</u>	<u>\$1,336,740,309</u>

Liabilities, Surplus, and Other Funds

Aggregate reserve for life contracts	\$ 73,720,405
Aggregate reserve for accident and health contracts	260,468,863
Liability for deposit-type contracts	75,730
Contract claims - life	16,572,624
Contract claims - accident and health	182,123,948
Premiums received in advance	498,804
Other amounts payable on reinsurance	76,347,323
Commissions to agents due or accrued	36,686,724
Commissions payable on reinsurance assumed	39
General expenses due or accrued	75,255,608
Taxes, licenses and fees, excluding federal income taxes	14,586,990
Current federal income taxes	16,901,015
Amounts withheld or retained as agent or trustee	(271,153)
Amounts held for agents' account	200,242
Remittances and items not allocated	107,162,008
Asset valuation reserve	4,632,949
Reinsurance in unauthorized companies	508,115
Funds held under reinsurance treaties with unauthorized reinsurers	2,419,311
Payable to parent and affiliates	44,294,666
Liability for amounts held under uninsured plans	15,887,917
Payable for securities	90
Other liabilities	4,180,886
Unclaimed funds liability	6,689,241
Pension liability	<u>12,471</u>
Total liabilities	\$ 938,954,816
Common capital stock	2,500,000
Preferred capital stock	300,000
Surplus notes	50,000,000
Gross paid in and contributed surplus	582,437,395
Unassigned funds (surplus)	<u>(237,451,902)</u>
Total capital and surplus	\$ <u>397,785,493</u>
Total liabilities, capital and surplus	<u><u>\$1,336,740,309</u></u>

SUMMARY OF OPERATIONS – 2023

Premiums for life and accident and health contracts	\$ 757,820,784
Net investment income	36,738,361
Amortization of interest maintenance reserve	(275,202)
Commissions on reinsurance ceded	157,650,592
Reserve adjustments on reinsurance ceded	762,794
Administrative fees on reinsurance assumed	1,364,369
Other miscellaneous	117,410
Investment income modco	(6,563,624)
Loss on sale of assets	<u>(2,718,682)</u>
 Total income	 \$ 944,896,802
 Death benefits	 56,630,082
Disability benefits under accident and health contracts	276,469,916
Surrender benefits and withdrawals for life contracts	965,758
Interest and adjustments on contract or deposit-type contract funds	(39,708)
Increase in aggregate reserves for life and accident and health contracts	<u>63,242,222</u>
 Total losses	 \$ 397,268,270
 Commissions on premiums and deposit-type contract funds	 226,880,582
Commissions on reinsurance assumed	700,760
General insurance expenses	432,533,914
Insurance taxes, licenses and fees, excluding federal income taxes	<u>30,761,989</u>
 Total losses and expenses	 \$1,088,145,515
 Net gain from operations before federal income taxes and net realized capital gains	 (143,248,713)
Federal income taxes incurred	21,925,187
Net realized capital gains	<u>38,660</u>
 Net income	 <u>\$ (121,284,866)</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Capital and surplus, beginning	\$127,767,230	\$271,209,023	\$243,542,986	\$ 359,968,681
Net income	\$ 976,597	\$(29,975,410)	\$(68,596,014)	\$(121,284,866)
Change in net unrealized capital gains	(987)			
Change in net deferred income tax	(18,925,238)	40,209	(8,929)	14,502
Change in nonadmitted assets	12,468,343	1,788,291	(13,851,479)	14,588,861
Change in liability for reinsurance				(508,115)
Change in asset valuation reserve	(832,520)	(750,793)	(1,084,291)	(1,063,860)
Surplus paid in	150,000,000		200,000,000	150,000,000
Prior period commission adjustment		1,080,405		(3,984,267)
Pension adjustment	(244,402)	151,262	(33,592)	54,557
Net change for the year	\$143,441,793	\$ (27,666,036)	\$116,425,694	\$ 37,816,813
Capital and surplus, ending	\$271,209,023	\$243,542,987	\$359,968,681	\$397,785,493

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$(237,451,902), as reported in the Company's 2023 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:

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

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.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

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, Alexis Anderson, AFE, Tyler Goodwater, Mark Haake, and Chloe Schaulis, Financial Examiners; and Gary Evans, CISA, AES, CFE, Information Systems Specialist; all with the Nebraska Department of Insurance, Actuarial Examiners contracted by 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,

A handwritten signature in black ink, appearing to read 'Isaak Russell', written in a cursive style.

Isaak Russell, CFE
Examiner-in Charge
Department of Insurance
State of Nebraska

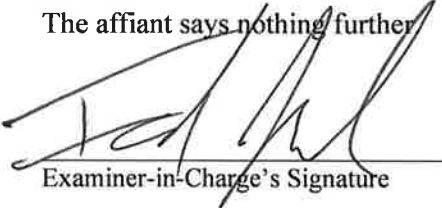
State of Nebraska,

County of Lancaster,

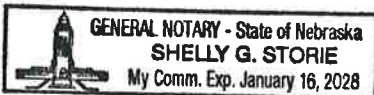
Isaak Russell, being duly sworn, states as follows:

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.

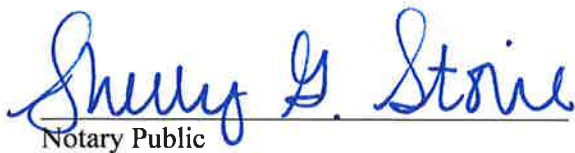
The affiant says nothing further


Examiner-in-Charge's Signature

Subscribed and sworn before me by Isaak Russell on this 16th day of April, 2025.



(SEAL)


Notary Public

My commission expires 1/16/28 [date].