

CERTIFICATION

NEBRASKA DEPARTMENT
OF INSURANCE

MAR 06 2020

FILED

March 6, 2020

I, Bruce R. Ramage, 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

FIRST LANDMARK LIFE INSURANCE SOCIETY

AS OF

DECEMBER 31, 2018

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.



Bruce R. Ramage
DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

FIRST LANDMARK LIFE INSURANCE COMPANY

1219 NORTH WEST STREET

WILMINGTON, DELAWARE 19801

dated as of December 31, 2018, verified under oath by the examiner-in-charge on February 4, 2020, and received by the company on February 7, 2020, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 24th day of February 2020.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read 'Justin C. Schrader', is written over a horizontal line.

Justin C. Schrader, CFE
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

First Landmark Life Insurance Company

as of

December 31, 2018



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Lincoln, Nebraska
January 3, 2020

Honorable Bruce R. Range
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:

FIRST LANDMARK LIFE INSURANCE COMPANY

which has its Statutory Home Office located at

**10206 Regency Parkway Drive
Omaha, Nebraska 68114**

with its Principal Executive Office located at

**1219 North West Street
Wilmington, Delaware 19801**

(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, 2014 by the State of Nebraska. The current financial condition examination covers the intervening period to, and including, the close of business on December 31, 2018, and includes such subsequent events and transactions as were considered pertinent to this report. The State of Nebraska participated in this examination and assisted in the preparation of this report.

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, and identifying and assessing inherent risks within the Company. 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.

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 and Board of Directors 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. 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".

All accounts and activities of the Company were considered in accordance when assessing risks and material line items.

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 under the laws of the State of Nebraska on July 13, 1988, as a capital stock life insurance company, and commenced business on October 1st of that same year. Since inception, the Company has been a wholly-owned subsidiary of First Landmark Holdings Co., a Delaware corporation, which in turn was principally owned by First Executive Corporation. A minority interest in First Landmark Holdings Co. was held by agents of an affiliated insurance company indirectly participating in the potential profits and losses through their marketing efforts of a product 50% reinsured by the Company. The reinsurance contract was terminated as of its inception date effective October 1, 1990, by providing a cash settlement equal to the net result of the program to date. The agents' shares were then reacquired by First Executive Corporation leaving it 100% owner of First Landmark Holdings Co.

On April 11, 1991, the Nebraska Director of Insurance placed the Company under the supervision of the Nebraska Department of Insurance through the issuance of a "Determination and Notification of Supervision - List of Requirements to Abate Supervision and Notice of

Hearing". This order stated that the Company's condition was primarily the result of deterioration in the quality of its bond portfolio causing continued operation to be hazardous to the public or holders of its policies or certificates.

On May 13, 1991, First Executive Corporation, the parent of the Company's immediate parent, First Landmark Holdings Co., filed a voluntary petition under Chapter 11, Title 11, United States Court Code, with the United States Bankruptcy Court. The reorganized First Executive Corporation emerged from bankruptcy effective September 10, 1992, pursuant to the Order Confirming Second Amended Joint Plan of Reorganization, as First Lincoln Holdings, Inc. The proposed change in control was reported to the Nebraska Department of Insurance through a Form A filing on August 7, 1992.

On June 23, 1995, the Nebraska Department of Insurance released the Company from the Supervision Order issued April 11, 1991, restoring its right to operate as a Nebraska 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 2018 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

Marev Holdings, Inc.
 ISO, LLC
 EOO, LLC
 Cedarwood Capital, LLC
 First Lincoln Financial Real Estate Corp.
 Lincoln Indemnity Company
 YTO, LLC
 Lawrence Financial, LLC
 First Lincoln TPA, Inc.
 FL Assignments Corp.
 FL Admin, Inc.
 RMO, LLC
 First Landmark Holdings, Inc.
 First Landmark Life Insurance Company
 Kipper Capital, LLC
 50% Limited Partnership
 New Navy Yard Limited Partnership
 LDA Acquisition, LLC
 Building 42 Acquisition, LLC
 Shipyards Quarters Marina, LLC
 AOFL New Navy, LLC
 49% Limited Partnership
 New Navy Yard Limited Partnership
 LDA Acquisition, LLC
 Building 42 Acquisitions, LLC
 Shipyards Quarters Marina, LLC
 FL Capital, LLC
 FL Gateway 95, LLC
 FL Tower, LLC
 FL Financial Group, LLC
 Rhodes Financial, LLC
 Rockaway Turnpike, LLC
 Union Turnpike, LLC
 Inwood Land Holdings, Inc.
 263 West End 5A, LLC
 61 Lawrence Avenue LLC
 1285 Six Avenue LLC
 Flintridge, LLC
 FL Gardena, LLC
 FL Crown, Inc.
 176 West 86th Street
 Evergreen Acceptance, LLC
 Regency Equities Corp.
 FL 1219 West Street, LLC
 NYRIB, Inc.
 First Lincoln Holdings, LLC
 878 Education, LLC

Shareholder

Article IV of the Company's Articles of Incorporation states that, “the aggregate number of shares which this Corporation shall have authority to issue is five million (5,000,000) shares of common stock. The par value of each of said shares shall be one dollar (\$1.00) per share.” Company records indicate that 1,000,000 of said shares were issued and outstanding at the date of this examination. All such shares are held by the Company's sole Shareholder, First Landmark Holding Company, which is in turn owned by RMO, LLC, a wholly owned subsidiary of Marev Holdings, Inc.

The Company's By-Laws provide that, “the annual meeting of the Shareholders of the Corporation shall be held at 10:00 o'clock a.m. on the first Tuesday in the month of April of each year... or at such other time or date as the Board, in its sole discretion, shall determine, for the purpose of electing Directors and for transaction of such other business as may come before the meeting.”

Board of Directors

Article VI of the Company's Articles of Incorporation provides that, “the affairs of the Company shall be conducted by a Board of Directors consisting of not less than five (5) nor more than twenty-one (21) persons, as set forth in the Company's By-Laws. The number of Directors who are Nebraska residents shall be in accordance with the laws of the State of Nebraska. Each Director, other than the initial Directors, shall have a term of office for one year and until his successor shall have been elected and qualified.”

The following persons were serving as Directors at December 31, 2018:

<u>Name and Residence</u>	<u>Principal Occupation</u>
Cecil Bykerk Omaha, Nebraska	Actuary and President, CD Bykerk Consulting LLC
Alexander Oliner Lawrence, New York	Financial Advisor, Wells Fargo Advisors
Charles Oliner New York, New York	Physician, New York Presbyterian Hospital
Martin Oliner Lawrence, New York	President of the Company, Chairman, President and Chief Executive Officer of Marev Holdings, Inc.
Reva Oliner Lawrence, New York	Retired Teacher

Officers

The By-Laws specify that, “the Executive Officers of the Corporation shall be a President, Secretary and Treasurer, and any other Officers as may from time to time be appointed, each of whom shall hold his office during the pleasure of the Board of Directors. The President shall be a member and the Chairman of the Board of Directors. The Officers of the Corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Shareholders.”

The following is a listing of Officers elected and serving the Company at December 31, 2018:

<u>Name</u>	<u>Office</u>
Martin Oliner	President
Reva Oliner	Secretary
Alexander Oliner	Treasurer

TRANSACTIONS WITH AFFILIATES

Tax Sharing Agreement

The Company is part of a tax sharing agreement with its ultimate parent, Marev Holdings, and other affiliated companies effective as of January 1, 2002. Under the agreement, Marev Holdings will file a consolidated federal income tax return with the Internal Revenue Service and each affiliate will either remit or collect the amount of taxes/refund that would have been remitted/received had the affiliate filed a separate federal income tax return.

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in Nebraska.

The Company did not have any underwriting activity or policy reserve liabilities during the examination period. The Company has indicated that it will submit a business plan prior to the sale of any insurance products.

BODY OF REPORT

GROWTH

The following comparative data reflects the growth of the Company during the period covered by this examination:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Admitted assets	\$1,984,239	\$1,968,895	\$1,956,497	\$1,963,560
Total liabilities	445	406	0	5,681
Capital and surplus	1,983,794	1,968,489	1,956,497	1,957,880
Net investment income	(2,963)	2,584	10,356	28,772
Net income	(26,248)	(15,343)	(12,398)	1,383

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, 2018. 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, 2018**

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Cash	\$ 1,958,884		\$1,958,884
Other invested assets	<u>11,114,041</u>	<u>\$11,114,041</u>	<u> </u>
Subtotal, cash and invested assets	\$13,072,925	\$11,114,041	\$1,958,884
Investment income due and accrued	<u>4,676</u>	<u> </u>	<u>4,676</u>
Totals	<u>\$13,077,601</u>	<u>\$11,114,041</u>	<u>\$1,963,560</u>
<u>Liabilities, Surplus, and Other Funds</u>			
General expenses due or accrued			\$ 4,969
Current federal income taxes			<u>712</u>
Total liabilities			<u>\$ 5,681</u>
Common capital stock			\$ 1,000,000
Gross paid in and contributed surplus			2,400,000
Unassigned funds			(1,442,120)
Surplus			<u>957,880</u>
Total capital and surplus			<u>\$ 1,957,880</u>
Totals			<u>\$ 1,963,561</u>

SUMMARY OF OPERATIONS – 2018

Net investment income	<u>\$28,772</u>
Totals	\$28,772
General insurance expenses	\$23,487
Insurance taxes, licenses and fees	<u>3,190</u>
Totals	<u>\$26,677</u>
Net gain from operations before federal income taxes	<u>\$ 2,095</u>
Federal income taxes incurred	<u>\$ 712</u>
Net income	<u>\$ 1,383</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Capital and surplus, beginning	<u>\$2,010,011</u>	<u>\$1,983,794</u>	<u>\$1,968,489</u>	<u>\$1,956,497</u>
Net income	\$ (26,248)	\$ (15,343)	\$ (12,398)	\$ 1,383
Change in net unrealized capital gains	(352,751)	(349,828)	(435,308)	(363,435)
Change in nonadmitted assets	352,751	349,828	435,308	363,435
Change in asset valuation reserve	<u>30</u>	<u>39</u>	<u>406</u>	<u>0</u>
Net change for the year	<u>\$ (26,218)</u>	<u>\$ (15,304)</u>	<u>\$ (11,992)</u>	<u>\$ 1,383</u>
Capital and surplus, ending	<u>\$1,983,793</u>	<u>\$1,968,490</u>	<u>\$1,956,497</u>	<u>\$1,957,880</u>

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$(1,442,120), as reported in the Company's 2018 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:

By-Laws – It was recommended that the Company's Board of Directors comply with its By-Laws and annually appoint the appropriate Officers.

Action: The Company has complied with this recommendation.

Custodial Agreement – It was recommended that the custodial agreements be amended to be in compliance with all provisions of Nebraska Rules, Title 210, Chapter 81.

Action: The Company has not complied with this recommendation. This recommendation will be repeated under the caption "Commentary on Current Examination Findings" in this report.

Fidelity Bond – It was recommended that the Company obtain a fidelity bond in an amount that reasonably protects the Company's assets.

Action: The Company has complied with this recommendation.

Investment Policy Review – It was recommended that the Company's Board of Directors review the written investment policy on an annual basis as required in Neb. Rev. Stat. §44-5105(3)(b).

Action: The Company has complied with this recommendation.

Expenses Payable – It was recommended that the Company book all expenses when incurred and not when paid.

Action: The Company has complied with this recommendation.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

Conflict of Interest Forms

The Company provided all of the Conflict of Interest Forms, however, the Company does not ensure that the forms are dated or that, for provision number 8 on the form, “none” is entered confirming that there are no previously undisclosed interest. It is recommended that the Company dates and reviews the completed Conflict of Interest Forms to ensure that all questions are answered.

Custodial Agreements

The custodial agreement with Merrill Lynch does not contain all the required provisions as set forth in Nebraska Rules and Regulations, Title 210, Chapter 81. It is recommended that the custodial agreements be amended to be in compliance with all provisions of Nebraska Rules and Regulations, Title 210, Chapter 81.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

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

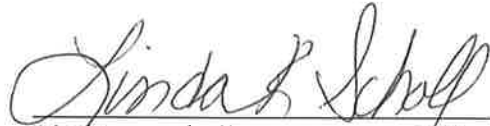
Conflict of Interest – It is recommended that the Company dates and reviews the completed Conflict of Interest Forms to ensure that all questions are answered.

Custodial Agreement – It is recommended that the custodial agreements be amended to be in compliance with all provisions of Nebraska Rules and Regulations, Title 210, Chapter 81.

ACKNOWLEDGMENT

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

Respectfully submitted,

A handwritten signature in cursive script, reading "Linda K. Scholl", written over a horizontal line.

Linda K. Scholl, CFE, CISA, PIR
Examiner-in-Charge
Department of Insurance
State of Nebraska

State of Nebraska,

County of Lancaster,

Linda K. Scholl, 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 First Landmark 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 First Landmark 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.


Examiner-in-Charge's Signature

Subscribed and sworn before me by Linda Scholl on this 4th day of Febr., 2020.

(SEAL)




Notary Public

My commission expires July 21, 2020 [date].