

MAR 18 2021

FILED

CERTIFICATION

March 18, 2021

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

GLOBE LIFE AND ACCIDENT INSURANCE COMPANY

AS OF

DECEMBER 31, 2019

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

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



Bruce R. Ramage

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

Globe Life and Accident Insurance Company

3700 S. Stonebridge Drive

McKinney, TX 75070

dated as of December 31, 2019, verified under oath by the examiner-in-charge on February 22, 2021 and received by the company on February 22, 2021, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 8th day of March 2021.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read 'Justin C. Schrader', written in a cursive style.

Justin C. Schrader, CFE
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

GLOBE LIFE AND ACCIDENT INSURANCE COMPANY

as of

December 31, 2019

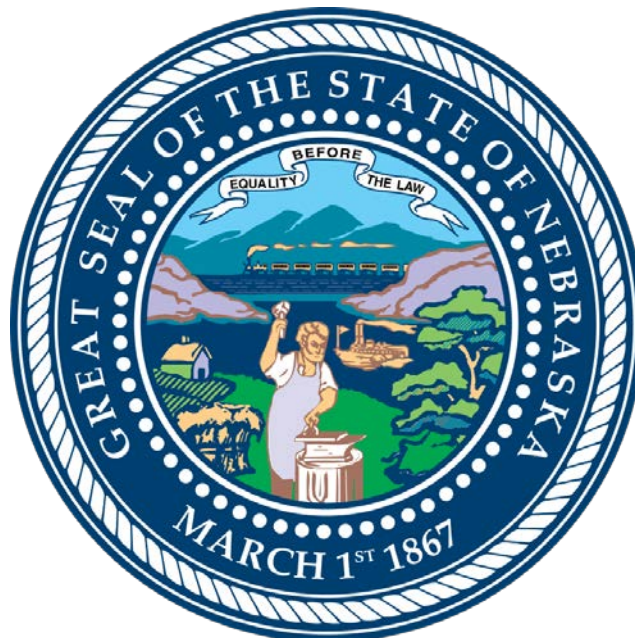


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Lincoln, NE
January 8, 2021

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:

GLOBE LIFE AND ACCIDENT INSURANCE COMPANY

which has its Statutory Home Office located at

**10306 Regency Parkway Drive
Omaha, NE 68114**

with its Principal Executive Office Located at

**3700 South Stonebridge Drive
McKinney, TX 75070**

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

INTRODUCTION

The Company was last examined as of December 31, 2015 by the State of Nebraska. The current financial condition examination covers the intervening period to, and including the close of business on December 31, 2019 and includes such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska, Indiana, New York, and Ohio 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 Income Life Insurance Company (American Income), Family Heritage Life Insurance Company of America (Family Heritage), Globe Life Insurance Company of New York (Globe Life New York), Liberty National Life Insurance Company (Liberty National), National Income Life Insurance Company (National Income), and United American Insurance Company (United American).

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 Indiana Department of Insurance, Ohio Department of Insurance, and the New York Department of Financial Services as participating states. The companies examined under this approach benefit to a large degree from common management, systems and processes, and internal control and risk management functions that are administered at the consolidated or business unit level.

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

A general review was made of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption "Description of Company". All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the Shareholder, Board of Directors and committees, held during the examination period, were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, approval of investment transactions, and authorizations 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 Deloitte & Touche LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2019. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

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

DESCRIPTION OF COMPANY

HISTORY

The Company was incorporated under the laws of the state of Oklahoma and commenced business on April 9, 1951. On November 2, 1970, the Company purchased all outstanding stock of American Life and Accident Insurance Company (American Life). On December 31, 1979, the Company re-domiciled to the state of Delaware. On July 31, 1980, Liberty National acquired

the Company. On August 31, 2007, the Company merged with American Life, its subsidiary. The Company accounted for this transaction as a statutory merger.

The Company re-domiciled from Delaware to Nebraska on December 19, 2007.

MANAGEMENT AND CONTROL

Holding Company

The Company is a member of an insurance holding company system as defined by Nebraska Statute. The holding company, Torchmark Corporation, changed its corporate name to Globe Life Inc. effective August 8, 2019. An organizational listing flowing from the ‘Ultimate Controlling Person’, as reported in the 2019 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

Globe Life Inc.

- American Income Life Insurance Company
 - American Income Marketing Services, Inc.
 - National Income Life Insurance Company
 - AILO 1, LLC
- TMK Buildings Corporation
- Liberty National Life Insurance Company
 - Brown-Service Funeral Homes Company, Inc.
 - Liberty National Auto Club, Inc.
 - LND 01, LLC
- Torchmark Insurance Agency, Inc.
- Globe Life and Accident Insurance Company
 - Globe Marketing Services, Inc.
 - Family Heritage Life Insurance Company of America
 - Royalton 6001 Ltd. (50% owner)
 - Globe Marketing and Advertising Distributors, LLC
- TMK Re, Ltd.
- United American Insurance Company
 - Globe Life Insurance Company of New York
- Specialized Advertising Group, Inc.
- Globe Life Insurance Agency, Inc.
- AILIC Receivables Corporation
- TMK Properties LP*

*Globe Life Inc. is the Limited Partner, and TMK Buildings Corporation is the General Partner.

Shareholder

Article VI of the Articles of Incorporation states that, “the authorized capital of this Corporation shall be \$11,000,000 consisting of 10,000,000 shares of common stock of the par value of \$1.00 per share and 1,000,000 shares of preferred stock of the par value of \$1.00 per share.” On September 29, 2017 the Company called and redeemed the 300,000 shares of its preferred stock held by its affiliate, Liberty National, at \$100 per share. As of December 31, 2019, there were 6,027,899 common shares of stock issued and outstanding. All of the outstanding common shares of the Company are held by the parent, Globe Life Inc., a financial services holding company.

The Company declared ordinary dividends on its common capital stock to Globe Life Inc. in the following amounts during the current period under examination:

<u>Date</u>	<u>Amount</u>
August 1, 2019	\$ 4,328,000
May 14, 2019	2,340,000
March 15, 2019	19,190,000
March 13, 2019	53,390,935
December 1, 2017	2,340,000
November 6, 2017	30,884,000
May 2, 2017	13,576,000
November 4, 2016	30,884,000
August 1, 2016	30,884,000
May 2, 2016	15,857,000
March 15, 2016	1,674,000

The Company also declared extraordinary cash distributions to Globe Life Inc. in the following amounts during the current period under examination:

<u>Date</u>	<u>Amount</u>
November 6, 2019	\$10,884,065
August 1, 2019	8,306,000
November 6, 2018	10,884,000
August 1, 2018	12,634,000
May 14, 2018	2,340,000

Board of Directors

Article III, Section 1 of the Company’s By-Laws states, “the number of Directors shall be five (5) but may, by resolution of the Board of Directors, be increased to any greater number of Directors. The Directors shall be elected at the annual meeting of the Stockholders and each Director shall be elected to serve until his successor shall be elected and shall qualify.”

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

<u>Name and Residence</u>	<u>Principal Occupation</u>
Michael S. Henrie Plano, TX	Divisional Senior Vice President, Corporate Accounting
Thomas P. Kalmbach McKinney, TX	Executive Vice President & Chief Actuary, Globe Life Inc.
Joel P. Scarborough Frisco, TX	Divisional Senior Vice President, General Counsel and Secretary
Frank Martin Svoboda Grapevine, TX	Executive Vice President and Chief Financial Officer, Globe Life Inc.

The Company experienced the death of its Nebraska resident Board member in the 4th quarter of 2019. It was noted that the Board Member was replaced by a Nebraska resident, Carol Watson, in the 1st quarter of 2020.

According to Article III, Section 6 of the By-Laws, “regular meetings of the Directors may be held without notice at such places and times as shall be determined from time to time by resolution of the Directors. Special meetings of the Board of Directors may be called by the

President or by the Secretary, upon the written request of the following: the Chairman of the Board, the President or any two (2) Directors, on at least twelve hours' notice to each Director, and shall be held at such place or places as may be determined by the Directors, or as shall be stated in the call of the meeting”

Article III, Section 9 of the By-Laws states, “any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof, may be taken without a meeting, if prior to such action written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or such committee.”

Officers

Article IV, Section 1 of the By-Laws states, “the Officers of the Corporation shall be a President and a Secretary, who shall be elected by the Board of Directors and who shall hold office until their successors are elected and qualified. In addition, the Board of Directors may elect one or more Vice Presidents, a Treasurer and such Assistant Secretaries and Assistant Treasurers as they deem proper... More than one office may be held by the same person.” Article IV, Section 8 also states, “the Officers of the Corporation shall be elected annually by the Board of Directors at the first meeting held after each annual meeting of the Stockholders.”

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

<u>Name</u>	<u>Office</u>
Frank M. Svoboda	President
Michael S. Henrie	Treasurer
Joel P. Scarborough	Secretary
Jiangping Han	Actuary
Jon A. Adams	Divisional Senior Vice President
John O. Norton	Divisional Senior Vice President

Name

Office

William M. Pressley

Divisional Vice President

Committees

During the period covered by this examination, the Company appointed Subsidiary Audit and Subsidiary Risk Committees of the Board of Directors.

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

Thomas P. Kalmbach
M. Shane Henrie

Joel P. Scarborough

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

Emily C. Casso
Thomas P. Kalmbach

M. Shane Henrie
Saumil Patel

Board Committees are appointed at the holding company level and perform centralized duties for all of the companies in the group. The following committees are in place at the holding company level: Audit, Compensation, and Governance & Nominating.

TRANSACTIONS WITH AFFILIATES

Tax Allocation Agreement

The Company and each of the subsidiaries of Globe Life Inc. are parties to a tax allocation agreement effective January 1, 1989. The agreement allocates the federal income tax liability in an amount equal to that which would have been reported had separate tax returns been filed.

Master Services Agreement

Effective July 1, 1991, the Company entered into a master service agreement with Globe Life Inc. Under this contract, each party agrees to provide each other on request the following services: executive, financial, legal, accounting, and other services. For all services provided by Globe Life Inc., the service fee is a portion of Globe Life Inc.'s total operating expenses for the immediately preceding calendar year determined as a percentage of salary and benefits of the Company to the consolidated salaries and benefits of Globe Life Inc. under the contract. During 2019, the total amount paid under this agreement was approximately \$30,816,000. The agreement includes an investment management arrangement with Globe Life Inc. The Company is charged a fee based on the total value of the securities managed. During 2019, total investment management fees paid under this agreement was approximately \$6,912,000.

Marketing Services Agreement

Effective March 24, 1995, the Company entered into a marketing agreement with Globe Marketing Services, Inc. (GMS). Pursuant to the agreement, the Company agrees to prepare and maintain the general ledger, financial statements, tax returns, and other financial records for GMS. The Company will provide these services in exchange for the use of part of GMS offices and warehouse facilities.

Direct Marketing Services Agreement

Effective October 7, 1999, the Company entered into an agreement with Torchmark Insurance Agency, Inc. (TIA). Pursuant to the agreement TIA agrees to manufacture certain direct response materials, provide direct mail services, and other services for the Company. During 2019, the total amount paid under this agreement was approximately \$23,403,000.

Policy Support Services Agreement

Effective April 1, 2001, the Company agrees to perform administrative health claims services and functions in addition to direct marketing services for Globe Life New York. This agreement was replaced by an agreement effective January 1, 2018, in which the Company will provide certain support services for life insurance policies, Medicare Supplement insurance policies, and other health insurance policies. In 2019, the Company collected approximately \$3,208,000 under this cost sharing agreement.

Bill Payment Services Agreement

Effective November 1, 2005, the Company entered into a bill payment service agreement with affiliates United American, Liberty National, and American Income, whereby each of the companies may, from time to time, elect to perform bill-paying services for one or more of the other companies. The cost incurred by each of the companies in providing these bill paying services is nominal and thus, cost shall not be reimbursable.

Recruiting Agreement

Effective March 1, 2006, the Company entered into a recruiting agreement which provides the Company will furnish agent recruiting services to United American, Liberty National, and American Income. Each of the respective companies agreed to pay its respective proportionate share of the salary and/or wage expenses incurred by the Company in connection with the providing of such agent recruiting services.

Medical Records Services Agreement

Effective February 1, 2007, the Company entered into a medical service agreement with American Income, whereby upon request from the Company, American Income will obtain medical records for and on behalf of the Company for use in the underwriting and claims

investigation process. The Company pays an \$11 service fee for each medical record requested and reimburses American Income for the actual cost of the medical records received from the provider.

Marketing and Advertising Services Agreement

Effective January 1, 2008, the Company adopted a cost sharing agreement with Globe Marketing and Advertising Distributors, LLC (GMAD), whereby the Company reimburses GMAD for performing advertising and marketing services on behalf of the Company's direct response insurance operations. The Company reimbursed GMAD \$63,002,000 in 2019.

Renewal Premium Collection Services Agreement

Effective July 1, 2014, the Company and its affiliate, National Income, entered into a service agreement to establish terms for allocation of direct and indirect general operating expenses incurred by the Company to provide renewal premium collection services. The agreement is automatically renewed annually unless notice is provided 90 days before the expiration date.

Naming and Licensing Cost Sharing Agreement

Effective May 1, 2014, the Company and its affiliates, Liberty National, United American, American Income, and Family Heritage, along with their ultimate parent Globe Life Inc., entered into a cost-sharing agreement related to a Naming and License Agreement dated January 29, 2014. This Naming and License Agreement was entered into by Globe Life Inc., the Company, and the Rangers Baseball LLC, (owner and operator of the Texas Rangers Baseball Club of MLB). In recognition of the benefits of the subsidiaries and the Parent resulting from the Naming Rights Agreement, the companies are sharing in and allocating the costs (approximately \$46 Million over 10 years, with additional costs related to signage and the stadium suite) of the

agreement amongst the participating affiliates. In general these allocations are as follows: 67.4% to the Company, 6.6% to Globe Life Inc., and the remaining 26% shared equally amongst the remaining affiliates. Cost allocations shall be made monthly and billed to the applicable subsidiary within 15 days of the end of each calendar month, and remitted to Globe Life Inc. within 5 days of receipt of the invoice.

Sponsorship Cost Sharing Agreement

Effective October 1, 2019, the Company entered into a cost sharing agreement with its affiliates, American Income, Liberty National Life, and Family Heritage, pursuant to a “Sponsorship Agreement” between the Company and The Dallas Football Club, Ltd. In recognition of the benefits to the Globe Life Inc. affiliates and the intended use of the “Globe Life” brand in relation to marketing and recruiting materials, the affiliates wished to share in and allocate amongst themselves the total costs incurred by the Company. Cost allocation shall be calculated monthly and billed to the appropriate affiliate within 15 days of the end of each calendar month, and due within 15 days of the receipt of such invoice.

General Services Agreement

Effective January 1, 2011, the Company entered into a service agreement with affiliates American Income, Liberty National, and United American. Under the terms of this agreement, these affiliates, all being subsidiaries of Globe Life Inc., incur various costs which benefit not only the purchaser, but all of the affiliates. The agreement outlines terms by which these affiliates, who desire to establish ongoing terms for the provision of such services and allocation of costs, share costs amongst the service providers and service beneficiaries. These services include: underwriting, marketing, travel, sales support, quality assurance, agent supplies, information technology agency support, telecommunications, compliance, actuarial, and such

additional services as the affiliates from time to time shall mutually agree. Effective January 1, 2015, affiliate Family Heritage was added via amendment to the agreement. This agreement was additionally amended on January 1, 2017, to add certain services.

Affiliate Loans

On September 11, 2019, the Company borrowed \$25M from parent Globe Life Inc. The loan was payable on March 11, 2020 at a simple interest rate of 5.00%. Globe Life Inc. affiliates borrow money within the holding company periodically throughout the year to meet cash flow needs which arise as a result of various investment opportunities and cash flow needs.

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 of the United States, except New York. The Company markets term and whole life insurance products and supplemental health policies primarily through direct response marketing methods. Approximately 96% of life insurance sales are through direct response channels. In addition, the Company maintains an independent sales force of about 144 general agents who market life products to government employees. The Company primarily focuses on marketing low face amount life insurance products to juveniles, parents, and adults over the age of fifty. The Company's direct response expertise is utilized to generate sales leads for other Globe Life Inc. companies. This has been a major factor in the increase in the Medicare Supplement sales of United American in recent years.

REINSURANCE

Assumed

Effective July 1, 2017, the Company entered into an annuity coinsurance reinsurance agreement with affiliate Liberty National. Under the agreement Liberty National cedes to the Company on a 25% quota share basis, annuity policies issued by Liberty National, and inforce as of the effective date or issued subsequent.

Effective July 1, 2017, the Company entered into an annuity coinsurance reinsurance agreement with affiliate United American. Under the agreement United American is ceding to the Company on a 25% quota share basis, annuity policies issued by United American, and inforce as of the effective date or issued subsequent.

Ceded

Effective October 1, 2012, the Company entered into a reinsurance agreement with its affiliate, Liberty National, whereby life insurance policies solicited through direct response marketing on or after the effective date, including riders, supplement benefits, and interim coverage, is ceded by the Company and assumed by Liberty National on a 90% quota share basis. Beginning in 2013, the agreement was amended, and the quota share was reduced to 30% going forward.

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$3,339,410,800	\$3,800,393,237	\$3,993,687,370	\$4,105,418,005
Admitted assets	3,955,340,023	4,485,128,975	4,726,224,520	4,831,902,073
Aggregate reserves for life contracts	3,395,828,188	3,834,767,503	3,975,766,114	4,099,937,065
Total liabilities	3,694,721,881	4,204,916,131	4,354,426,061	4,484,688,019
Capital and surplus	260,618,142	280,212,844	371,798,459	347,214,054
Premium income	679,021,178	693,967,390	713,381,343	698,528,622
Net investment income	175,302,890	189,889,290	229,449,842	243,866,118
Death benefits	320,856,814	340,281,114	335,120,634	348,874,222
Net income	81,146,404	51,832,474	98,439,773	110,568,780
Life insurance in-force (000s)	78,457,985	79,101,062	80,143,394	81,758,400

FINANCIAL STATEMENTS

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

FINANCIAL STATEMENT
December 31, 2019

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$4,105,418,005		\$4,105,418,005
Common stocks	113,953,957	\$ 4,213,132	109,740,825
First lien mortgages	20,768,014		20,768,014
Cash & cash equivalents	10,249,592		10,249,592
Contract loans	76,569,174		76,569,174
Other invested assets	165,035,916	539,167	164,496,749
Receivables for securities	<u>1,060,210</u>	<u> </u>	<u>1,060,210</u>
Subtotal, cash and invested assets	\$4,493,054,868	\$ 4,752,299	\$4,488,302,569
Investment income due and accrued	62,287,786		62,287,786
Uncollected premiums and agents' balances	29,070,436	1,493,339	27,577,097
Deferred premiums and agents' balances	144,545,812		144,545,812
Amounts recoverable from reinsurers	27,513,538		27,513,538
Other amounts receivable under reinsurance contracts	14,017,087		14,017,087
Current federal and foreign income tax recoverable	3,329,363		3,329,363
Net deferred tax asset	105,837,000	60,740,000	45,097,000
Guaranty funds receivable or on deposit	574,008		574,008
Electronic data processing equipment	21,724,040	20,283,475	1,440,565
Furniture and equipment	350,741	350,741	
Receivables from parent, subsidiaries, and affiliates	4,513,582		4,513,582
Health care and other amounts receivable	1,917,231	1,917,231	
Prepaid pension plan	15,177,119	15,177,119	
Other prepaid contracts	2,304,201	2,304,201	
Bills receivable	1,543,092	1,543,092	
Company owned life insurance	<u>12,703,666</u>	<u> </u>	<u>12,703,666</u>
Totals	<u>\$4,940,463,570</u>	<u>\$108,561,497</u>	<u>\$4,831,902,073</u>

Liabilities, Surplus, and Other Funds

Aggregate reserve for life contracts	\$4,099,937,065
Aggregate reserve for accident and health contracts	50,464,837
Liability for deposit-type contracts	4,578,117
Life contract claims	92,705,839
Accident and health contract claims	12,792,000
Policyholders' dividends and refunds to members due and unpaid	86,800
Premiums and annuity considerations received in advance	12,878,289
Other amounts payable on reinsurance	51,251,716
Interest maintenance reserve	50,401,130
Commissions to agents due or accrued	2,040
Commissions and expense allowances payable on reinsurance assumed	72,614
General expenses due or accrued	9,406,333
Taxes, licenses and fees due or accrued	1,603,421
Unearned investment income	1,218,543
Amounts withheld or retained by reporting entity as agent or trustee	7,983,441
Amounts held for agents' account	566,178
Remittances and items not allocated	981,438
Liability for benefits for employees and agents	11,858,810
Borrowed money	25,461,042
Asset valuation reserve	46,927,761
Payable to parent, subsidiaries and affiliates	2,388,005
Payable for securities	1,160,819
Examination assessment	(100,000)
Amount due to former stockholders	<u>61,782</u>
Total liabilities	<u>\$4,484,688,019</u>
Common capital stock	\$ 6,027,899
Surplus notes	30,000,000
Gross paid in and contributed surplus	237,331,560
Unassigned funds	<u>73,854,595</u>
Total capital and surplus	<u>\$ 347,214,054</u>
Totals	<u><u>\$4,831,902,073</u></u>

SUMMARY OF OPERATIONS – 2019

Premium and annuity considerations	\$698,528,622
Net investment income	243,866,118
Amortization of interest maintenance reserve	3,678,313
Commissions and expense allowances on reinsurance ceded	60,435,290
Reserve adjustments on reinsurance ceded	(38,928,870)
Amortize initial gain on inforce business	2,163,241
Misc Income	<u>183,415</u>
 Totals	 \$969,926,129
 Death benefits	 348,874,222
Matured endowments	200,144
Annuity benefits	30,547,347
Disability benefits and benefits under accident and health contracts	21,882,527
Coupons, guaranteed annual pure endowments	156
Surrender benefits and withdrawals for life contracts	27,122,717
Interest and adjustments on contract or deposit-type contract funds	1,810,991
Increase in aggregate reserves for life and accident and health contracts	<u>128,205,929</u>
 Totals	 \$558,644,033
 Commissions on premiums, annuity considerations, and deposit-type contracts	 8,170,694
Commissions and expense allowances on reinsurance assumed	139,827
General insurance expenses	267,554,171
Insurance taxes, licenses and fees, excluding federal income taxes	23,523,728
Increase in loading on deferred and uncollected premiums	(11,750,382)
Accumulated coupon payments	999
Examination assessment	<u>(100,000)</u>
 Totals	 \$846,183,070
 Net gain from operations before dividends, federal income taxes and net realized capital gains	 \$123,743,059
 Dividends to policyholders	 49,393
Federal income taxes incurred	13,019,855
Net realized capital losses	<u>(105,031)</u>
 Net income	 <u>\$110,568,780</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Capital and surplus, beginning	\$243,725,968	\$260,618,142	\$280,212,844	\$371,798,459
Net income	\$ 81,146,404	\$ 51,832,474	\$ 98,439,773	\$110,568,780
Change in net unrealized capital gains	(3,425,104)	1,881,566	5,818,214	(19,123,206)
Change in net deferred income tax	5,252,000	(50,004,000)	12,971,000	12,290,000
Change in nonadmitted assets	(10,564,188)	(30,526,942)	(19,316,398)	(20,587,245)
Change in asset valuation reserve	572,931	(2,869,440)	(71,361)	(5,924,179)
Change in surplus notes		30,000,000		
Capital paid in		(300,000)		
Surplus paid in	30,000,000	101,622,921	(5,858,000)	(19,190,065)
Change in surplus as a result of reinsurance	(2,165,164)	(2,335,273)	(2,212,935)	(2,163,241)
Dividends to stockholders	(83,979,000)	(80,024,000)		(79,248,935)
Surplus adjustment on initial ceding allowance		1,527,500	(152,750)	(152,750)
Change in executive benefit plans	54,295	(1,210,103)	1,968,072	(1,053,563)
Net change for the year	<u>\$ 16,892,173</u>	<u>\$ 19,594,702</u>	<u>\$ 91,585,615</u>	<u>\$(24,584,404)</u>
Capital and surplus, ending	<u>\$260,618,142</u>	<u>\$280,212,844</u>	<u>\$371,798,459</u>	<u>\$ 347,214,054</u>

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$73,854,595, as reported in the Company's 2019 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

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

COMMENTARY ON CURRENT EXAMINATION FINDINGS

There are no 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, Santosh Ghimire, CFE, Michael Sullivan, CFE, Financial Examiners; Gary Evans, CFE, CISA, AES, Information Systems Specialist; and Rhonda Ahrens, FSA, and Derek Wallman ASA, Actuarial Examiners; all with the Nebraska Department of Insurance and the Financial Examiners and Information Systems Specialists with or contracted by the Indiana Department of Insurance, New York Department of Financial Services, and Ohio Department of Insurance; participated in this examination and assisted in the preparation of this report.

Respectfully submitted,



Tadd K. Wegner
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 the Nebraska domiciled companies of the Globe Life Inc. Group, Globe Life and Accident Insurance Company, Liberty National Life Insurance Company, and United American 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 Globe Life and Accident Insurance Company, Liberty National Life Insurance Company, and United American Insurance Company was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

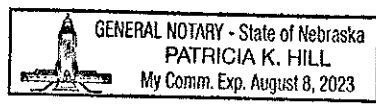
The affiant says nothing further.

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

Subscribed and sworn before me by Tadd K. Wegner on this 22 day of Feb, 2021.

(SEAL)

Patricia K. Hill
 Notary Public



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