STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

JUN 10 2020

FILED

CERTIFICATION

June 10, 2020

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

MUTUAL OF OMAHA INSURANCE COMPANY

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.

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

Bruce R. Ramge

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

Mutual of Omaha Insurance Company

Mutual of Omaha Plaza

Omaha, NEBRASKA 68175

dated as December 31, 2020, verified under oath by the examiner-in-charge on April 10, 2020 and received by the company on May 14, 2020, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 29th day of May 2020.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

Justin C. Schrader, CFE
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

MUTAL OF OMAHA INSURANCE COMPANY

as of

December 31, 2018

TABLE OF CONTENTS

Omaha, Nebraska
April 3, 2020

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

Dear Sir:

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

MUTUAL OF OMAHA INSURANCE COMPANY
Mutual of Omaha Plaza
Omaha, Nebraska 68175

(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 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 subsidiaries, United of Omaha Life Insurance Company, Omaha Reinsurance Company, United World Life Insurance Company, Companion Life Insurance Company, Omaha Insurance Company, Omaha Health Insurance Company, Mutual of Omaha Medicare Advantage Company, and Medicare Advantage Insurance Company of Omaha.

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 State Department of Financial Services serving 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.

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 policyholders, 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 plans. 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, 2017 and 2018. 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 Nebraska on March 5, 1909, and commenced business January 10, 1910, on the mutual assessment plan under the name "Mutual Benefit Health and Accident Association". At the annual meeting of the policyholders held on February 10, 1962, the Articles of Incorporation were amended changing the corporate structure from a mutual assessment association to a mutual legal reserve company with no power to levy assessments and also changing its name to "Mutual of Omaha Insurance Company".

The Company has been authorized to write business in Canada since 1935. In 1966, the Company extended its operation in Canada to include life insurance. In 1998, the Company withdrew its operations in Canada. The Company has limited its operations in the United States to only accident and health business since May 15, 1977.

The Company's current Certificate of Authority authorizes it to write Life and Sickness and Accident insurance in the State of Nebraska pursuant to Nebraska Revised Statutes Section 201.

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):

- Mutual of Omaha Insurance Company
  - East Campus Realty, LLC
  - Mutual of Omaha Holdings, Inc.
    - Mutual of Omaha Investor Services, Inc.
    - Mutual of Omaha Marketing Corporation
    - Omaha Insurance Company
  - Mutual of Omaha Medicare Advantage Company
  - Omaha Financial Holdings, Inc.
    - Mutual of Omaha Bank
      - OMAFIN, INC.
      - SB Capital Investment Fund, LLC (99.9%)
        - PHX SB Capital LLC (99.9%)
      - Synergy One Lending, Inc.
    - Mutual Community Development Company
    - Mutual of Omaha LoanPro, L.L.C.
  - Omaha Health Insurance Company
  - Turner Park North, LLC
  - United of Omaha Life Insurance Company
    - Companion Life Insurance Company
    - Fulcrum Growth Partners III, L.L.C. (80%)
    - Medicare Advantage Insurance Company of Omaha
    - Mutual of Omaha Structured Settlement Company
    - Omaha Reinsurance Company
    - UM Holdings, LLC
    - United World Life Insurance Company

Policyholders

Article I, Section 1 of the Company's By-Laws states that, "the Corporation shall hold its annual meeting on a date and at a time and place to be determined by the Board of Directors." Article I, Section 3 establishes that, "at any meeting of the policyholders, a quorum shall be those policyholders present in person or by proxy." Article I, Section 4 provides that, "each policyholder of the Corporation as of the record date set by the Board of Directors present in person or by proxy at any meeting of the policyholders shall be entitled to one vote."

Surplus Notes

The Company has three separate issuances of surplus notes outstanding as of December 31, 2018, which are summarized as follows:

Date Issued	Interest Rate	Par Value	Carrying Value	Maturity Date
July 17, 2014	4.297%	$300,000,000	$300,000,000	July 15, 2054
October 12, 2010	6.950%	300,000,000	152,043,118	October 15, 2040
June 15, 2006	6.800%	300,000,000	258,231,123	June 15, 2036
Total		$900,000,000	$710,274,242	

Payment of interest or repayment of principal on the notes may be made, from time to time, either in full or in part only from available surplus funds of the Company and only when the amount of the surplus of the Company over all liabilities is double that of the amount of the principal or interest then proposed to be paid and only with the prior approval of the Nebraska Department of Insurance.

Board of Directors

Article II, Section 1 of the Company's By-Laws states that, "the Board of Directors shall consist of not less than five and not more than twelve Directors…. Not less than one of the Directors shall be a resident of Nebraska…. Directors shall be elected at each Annual Meeting of Policyholders." Article II, Section 3 establishes that, "the Board of Directors shall have the general management and control of the business of the Corporation…."

Article III, Section 1 of the Company's By-Laws provides that, "the annual meeting of the Board of Directors shall be held immediately following the adjournment of the annual meeting of the policyholders or as soon thereafter as practicable." Article III, Section 2 establishes that, "in addition to the annual meeting, regular meetings of the Board of Directors shall be held at a date, time and place to be determined by the Board of Directors. Special meetings may be held at such times and places as the Board Chair or Lead Independent Director may designate."

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

Name and Residence	**Principal Occupation**
James T. Blackledge Elkhorn, NE	Chairman and Chief Executive Officer Mutual of Omaha Insurance Company
Wayne G. Gates Omaha, NE	Retired, formerly Chief Executive Officer and President Omaha Public Power District
Sheila Hooda Pelham Manor, NY	Chief Executive Officer, President, and Founder Alpha Advisory Partners
Rodrigo López Omaha, NE	Chairman AmeriSphere Companies, LLC
Derek R. McClain Dallas, TX	Financial and Management Consultant
James G. McFarlane Santa Barbara, CA	Executive Advisor Arthur J. Gallagher & Co.
Paula R. Meyer St. Ansgar, IA	Retired, formerly President RiverSource Funds and Ameriprise Certificate Company
Daniel P. Neary Omaha, NE	Retired, formerly Chairman and Chief Executive Officer Mutual of Omaha Insurance Company

As of December 31, 2018 the annual retainers for non-employee Directors is $95,000. In addition to the aforementioned retainer, the Lead Independent Director is paid a $15,000 annual retainer. In addition to the aforementioned retainer, the current non-employee Board Chair is paid an $89,000 annual retainer. Committee chairs and members are paid annual retainers as follows:

Title	Amount
Audit Chair	$15,000
Audit members	7,500
Compensation and Evaluation Chair	10,000
All other Compensation Evaluation members	5,000
All other Committee Chairs	7,500
All other Committee Members	3,750

Officers

Article IV, Section 1 of the Company's By-Laws states that, "the Officers of the Corporation shall consist of a Chief Executive Officer and such other Officers with such functions and titles as may be authorized by resolution of the Board of Directors. A Director, while serving as such, shall be eligible to serve as an Officer of the Corporation."

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

Name	Office
James T. Blackledge	Chief Executive Officer and President
Vibhu R. Sharma	Chief Financial Officer, Treasurer, and Executive Vice President
Richard R. Hrabchak	Chief Investment Officer and Executive Vice President
Michael A. Lechtenberger	Chief Information Officer and Executive Vice President
Stephanie M. Pritchett	Chief Marketing Officer and Executive Vice President
Stacy A. Scholtz	Chief Administrative Officer and Executive Vice President
Richard C. Anderl	Corporate Secretary and Associate General Counsel
Stephen J. Abels	Executive Vice President
Timothy S. Ault	Executive Vice President
Bradley N. Buechler	Executive Vice President
Nancy L. Crawford	General Counsel
Alan D. Brinkman	Appointed Actuary and Vice President

Committees

Article II, Section 4 of the Company's By-Laws states that, "the Board of Directors may create such committees as they may see fit and may designate the duties and powers of such committees; provided, however, that no such committee shall be given authority to amend the Articles of Incorporation or to amend the By-Laws of the Corporation. Each committee shall have its own written charter that addresses that committee's purpose, authority and responsibilities as approved by the Board of Directors." Committees appointed by the Board of Directors and serving at December 31, 2018 were as follows:

Audit Committee
Compensation and Evaluation Committee
Corporate Governance Committee
Executive Committee
Investment Committee
Risk Committee

The following persons were serving on the Audit Committee at December 31, 2018:

Derek R. McClain, Chair	Sheila Hooda
Rodrigo López	James G. McFarlane

The following persons were serving on the Compensation and Evaluation Committee at December 31, 2018:

Paula R. Meyer, Chair	Sheila Hooda
James G. McFarlane	

The following persons were serving on the Corporate Governance Committee at December 31, 2018:

Wayne G. Gates, Chair	Rodrigo López
Derek R. McClain	

The following persons were serving on the Executive Committee at December 31, 2018:

James G. McFarlane, Chair	James T. Blackledge
Wayne G. Gates	Daniel P. Neary

The following persons were serving on the Investment Committee at December 31, 2018:

Rodrigo López, Chair	Paula R. Meyer
Daniel P. Neary	

The following persons were serving on the Risk Committee at December 31, 2018:

Daniel P. Neary, Chair	James T. Blackledge
Wayne G. Gates	Paula R. Meyer

TRANSACTIONS WITH AFFILIATES

Intercompany Services Agreement

The Company and certain of its direct and indirect subsidiaries share certain resources such as personnel, operational and administrative services, facilities, information and communication services, employee benefit administration, investment management, advertising and general management services. Most of the expenses related to these resources were paid by the Company and subject allocation among the Company and its subsidiaries. Additionally, certain amounts are paid or collected by the Company on behalf of its subsidiaries.
Regular operating expenses of the companies are paid through the Accounts Payable and Expense Accounting Department of the Company. In general, these expenses are processed through an electronic allocation system maintained by the Budget and Expense Management Department. This system, through the use of department ID's, allocates operating expenses based on cost drivers such as number of employees, square footage utilized, number of transactions processed, etc., to redistribute operating expenses to product lines within each of the companies receiving the services.

Statistical bases or theories used in allocation formulas are developed by the Finance Operation's staff and reviewed by the companies' external auditors during their annual audit of the expense allocations.

The Company received fees for management agreements, service contracts, and cost sharing agreements from various subsidiaries.

Capital Contributions

Capital contributions were made to the following subsidiaries during the examination period:

	2015	2016	2017	2018
East Campus Realty, LLC	$15,000,000			$10,000,000
Mutual of Omaha Holding, Inc.				10,000,000
Mutual of Omaha Medicare Advantage Company			$ 5,000,000	66,000,000
Omaha Health Insurance Company				10,000,000
Omaha Insurance Company	40,000,000			
Turner Park North, LLC	250,000	$ 2,200,000		500,000
The Omaha Indemnity Company			8,250,000	
	$55,250,000	$ 2,200,000	$13,250,000	$96,500,000

Return of Capital

There were no return of capital payments made to the Company during the examination period.

Dividends

The Company received a $ 96,893,320 dividend in 2016 from United of Omaha Life Insurance Company (United).

Revolving Lines of Credit

The Company loaned funds and borrowed money under revolving lines of credit with subsidiaries throughout the examination period. As of December 31, 2018, the Company reported $135,905,999 in net receivable from subsidiaries and affiliates and $88,000,000 payable to United.

Parental Guarantees

Effective October 1, 2012, the Company provided a parental guarantee to its affiliate, Omaha Reinsurance Company (Omaha Re). The guarantee is drawn upon in the event that Omaha Re's total adjusted capital falls below 125% of its company action level. Omaha Re is a captive reinsurance company established for the sole purpose of reinsuring certain term and universal life insurance policies from United.

Effective October 1, 2017, the parental guarantee was replaced with a Portfolio Maintenance Agreement. Under the Portfolio Maintenance Agreement, to the extent there are any realized capital losses during any calendar quarter on any of the assets credited to certain Funds Withheld Accounts established by United, the Company will contribute equity capital in the form of cash or assets to Omaha Re.

The Company has guarantees to maintain Omaha Insurance Company capital at or above state required levels for Iowa, Maine, and New Jersey.

In Ohio, the Company issued a guaranty in order for Mutual of Omaha Medicare Advantage Company to obtain a license. The amount of the guaranty was the greater of (a) the capital and surplus required by Ohio law or (b) the Company Action Level Risk Based Capital (RBC).

In Texas, the Company issued a guaranty to make any capital contributions to Mutual of Omaha Medicare Advantage Company in order to maintain an RBC of at least 250% for two years from initial licensing and to comply with Texas RBC requirements.

Tax Allocation Agreement

The Company files a consolidated federal income tax return with its eligible subsidiary companies, pursuant to a written agreement approved by the Board of Directors. Each subsidiaries provision for federal income tax expense is based on separate return calculations whereby the subsidiary has an enforceable right to recoup federal taxes paid in prior years. Omaha Re is entitled to a refund of any income tax benefit from its tax losses, which is a permitted practice, regardless of whether these losses result in a reduction in consolidated tax liability. The Company also has an enforceable right to use any consolidated net operating loss, capital loss, and charitable contribution carryover, if any, against future net income subject to federal income taxes. The annual cost or benefit of this tax sharing agreement between the Company and its subsidiaries is charged or credited to surplus.

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in all states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and the British Virgin Islands.

The Company's individual accident and health business (Medicare supplement, long-term care, and other health) is sold through three primary distributions: Agency, Brokerage, and Direct to Consumers (DTC). Agency, as of December 31, 2018, is composed of 1,075 independent contractor agents managed by 143 employee field managers. The 30 Division Offices in Agency Sales focus on using a needs-based sales methodology to identify customers' insurance and investment requirements and to provide solutions from the Company's portfolio of products and services. Brokerage distributes a wide range of insurance products through a national network of independent intermediaries. DTC sells and services insurance products that are either guaranteed issue or have simplified underwriting requirements. Customers can purchase policies directly by simply making a phone call, returning an application by mail or through the Internet.

The Company's group business is produced through 23 local sales and service offices and 7 satellite offices, as well as through company agents and insurance brokers. The Company markets dental, AD&D, accident, critical illness, and disability coverage to commercial markets.

The Company’s major subsidiary, United, generally uses the same division offices and personnel, agencies and brokers as the Company.

REINSURANCE

Assumed – Affiliates

The Company has a reinsurance agreement in force with its affiliate, Companion Life Insurance Company of New York (Companion), effective January 1, 1963. Under this agreement, the Company accepts all liability on new business produced from specified policy forms covering accident and health, loss of time policies, and franchise major medical and hospitalization policies written by Companion.

Under a 100% quota share agreement effective January 1, 1984, with its affiliate, United World Life Insurance Company (United World), the Company assumes all of United World’s premiums and liabilities under individual and group health and accident business scheduled in the contract. The Company assumes all phases of administering the business reinsured.

Under the terms of a reinsurance agreement effective July 1, 2007, as amended June 1, 2009, the Company agreed to assume 100% of the individual long term care business issued on or after July 1, 2007, by its affiliate, United.

Under the terms of a reinsurance agreement effective April 1, 2012, the Company agreed to assume 90% of all Medicare Supplement business issued by its affiliate, Omaha Insurance Company, on or after the effective date.

Under the terms of a reinsurance agreement effective January 1, 2013, the Company agreed to assume 100% of all Medicare Supplement business issued by its affiliate, United, on or after the effective date.

Assumed – Non Affiliates

Aetna Life Insurance and Annuity Company and Aetna Life Insurance Company (Aetna) have collectively ceded to the Company 100% of individual and group health and accident policies issued in the State of New York, effective January 1, 1991. This cession by Aetna also included certain policies issued in states other than New York that met the criteria as specified in the agreement. The respective quota share percentage of the reserves was transferred to the Company. Aetna can recapture this business at any time. The Company administers this business in accordance with terms set out in its agreement. In 2000, ING purchased Aetna's financial services and international business, including the sale of Aetna Life and Annuity Company.

Effective May 12, 1993, the Company entered into a coinsurance agreement with New York Life Insurance Company (New York Life) whereby 90% of certain scheduled Medicare Supplement business issued on or after the effective date of the agreement is assumed. The Company maintains their pro rata share of statutory reserves established by New York Life.

The Company entered into a coinsurance agreement with American Heritage Life Insurance Company (American Heritage), effective January 1, 2000, under which it assumes 100% of the liabilities established for American Heritage's long term care business.

The Company entered into an automatic and facultative coinsurance agreement with Western and Southern Life Insurance Company, effective July 1, 2001, for certain critical illness policies and accidental death benefit riders attached to such policies. The Company assumes 50% of the liability for benefits payable under the terms of the policies and riders issued on or after the effective date of this agreement. The reinsurance amount follows the policy amount in its percent share proportion. The maximum liability is $50,000 under any single policy and $50,000 under any rider attached to a policy.

The Company entered into a coinsurance agreement, effective January 1, 2007, whereby it assumes 75% of certain Medicare Supplement policies, riders, and binders issued on or after the effective date by Lincoln Heritage Life Insurance Company. The original agreement was amended on July 13, 2007 to include Medicare Supplement policies, riders and binders issued on and after January 1, 2002 and on or before December 31, 2006.

The Company entered into several coinsurance agreements with various insurance companies, whereby the Company assumes 90%, unless otherwise noted, of certain Medicare Supplement policies. The following is a list of these agreements:

Company	**Effective Date**
Western and Southern Life Insurance Company	July 1, 2001
Royal Neighbors of America	January 1, 2006
Sterling Investors Life Insurance Company	January 1, 2006
Lincoln Heritage Life Insurance Company (75%)	January 1, 2007
Puritan Life Insurance Company of America	January 1, 2007
Assured Life Association (formerly Woodmen of the World)	January 1, 2008
KSKJ Life, American Slovenian Catholic Union	September 1, 2008
United National Life Insurance Company of America (95%)	January 1, 2009
Family Life Insurance Company (80%)	January 1, 2009
Gerber Life Insurance Company (95%)	August 1, 2009
*Family Life Insurance Company (70%)	January 1, 2010
Columbian Financial Group	January 1, 2010
Government Personnel Mutual Life Insurance Company	January 1, 2010
Sentinel Security Life Insurance Company	January 1, 2010
Forethought Life Insurance Company (95%)	October 1, 2010
Heartland National Life Insurance Company (95%)	December 1, 2010
*Family Life Insurance Company (90% on policies with effective dates subsequent to January 1, 2009)	January 1, 2011
*Forethought Life Insurance Company (80%)	April 1, 2011
Manhattan life Insurance Company	January 1, 2013
Western Catholic Union (95%)	January 1, 2014
Shenandoah Life Insurance Company (80%)	April 1, 2014

Standard Life & Casualty (100%)	April 1, 2014
Loyal Christian Benefit Association (95%)	July 1, 2014
Individual Assurance Company (95%)	October 1, 2014
Puritan Life (formerly Admiral Life Insurance Company)	August 1, 2014
Renaissance Life and Health Insurance Company	June 1, 2016
Government Personnel Health and Life Company	February 1, 2017
Western United Life Assurance Company	October 1, 2017

*amendment to the original agreement

Ceded

Effective April 1, 1997, the Company entered into a coinsurance reinsurance contract with General Re Life Company (GenRe) covering long term care policies. The agreement cedes 10% up to age 75 and 50% at ages over 75. The agreement terminated for new business effective December 31, 2004.

The Company entered into an automatic and facultative coinsurance agreement with Swiss Re Life and Health America, Inc. (Swiss Re), Security Life of Denver Insurance Company (Security Life), and Employers Reassurance Corporation (Employers) effective on May 1, 1999, August 1, 2001, and July 15, 2001 respectively, for certain critical illness plans classified as individual or worksite. The agreement with Swiss Re terminated to new business effective September 30, 2001. The agreement with Security Life terminated to new business effective December 31, 2004. The agreement with Employers terminated to new business effective December 31, 2005. The Company will retain 70% of the maximum benefit amount per the policy up to its maximum dollar retention limits for individual plans and 60% of the maximum benefit amount per the policy up to its maximum dollar retention for worksite plans.

Effective July 1, 2007, the Company cedes to Munich American Reassurance Company (Munich) group long-term disability business in excess of $6,000 gross monthly benefit, up to a maximum of $25,000. Amounts over $25,000 were retained by the Company. The Company's retention was increased to $8,500 effective July 1, 2017. Amounts over $20,000 are retained by the Company.

Effective August 15, 2009, the Company, along with affiliate, United, entered into a 50% quota share reinsurance agreement with Delta Dental of Arkansas (Delta), covering group dental business. The liability of Delta with respect to its 50% share of claims shall begin simultaneously with that of the Company. This reinsurance contract was cancelled effective December 31, 2018.

Effective July 1, 2011 the Company along with its affiliate, United, entered into a 50% quota share reinsurance agreement with RGA Reinsurance Company covering individual long term care business. Effective January 1, 2017, the quota share percentage was decreased to 15%.

General

Several ceding or assuming agreements in the Company's reinsurance portfolio are on a run-off basis. All of the foregoing agreements contained appropriate insolvency clauses and termination provisions providing adequate notice of cancellation, as well as intermediary clauses as necessary. Also, the unauthorized reinsurers under the Nebraska statutes have been properly reported in Schedule S of the 2018 Annual Statement.

BODY OF REPORT

GROWTH

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

	2015	2016	2017	2018
Bonds	$ 3,176,788,649	$3,324,881,563	$3,530,248,970	$3,468,601,105
Admitted assets	6,945,097,641	7,278,931,188	7,824,432,993	8,084,019,676
Aggregate A&H reserves	2,509,983,964	2,699,925,197	2,966,124,884	3,226,958,855
Total liabilities	4,082,327,309	4,230,646,642	4,634,792,225	4,911,301,789
Capital and surplus	2,862,770,332	3,048,284,547	3,189,640,769	3,172,717,886
Premiums earned	2,411,822,720	2,726,457,917	3,036,470,201	3,282,629,595
Net investment income	171,816,792	266,007,548	167,091,474	173,648,474
Disability benefits	1,652,998,938	1,893,450,463	2,111,862,177	2,421,738,969
Net income	11,177,807	103,423,668	(7,088,849)	(157,418,781)

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

Assets

	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$3,468,601,105		$3,468,601,105
Preferred stocks	11,725,280		11,725,280
Common stocks	2,677,917,252		2,677,917,252
Mortgage loans – First liens	261,832,753		261,832,753
Real estate – Occupied by the company	32,526,906		32,526,906
Cash	5,905,616		5,905,616
Cash equivalents	47,830,782		47,830,782
Short-term investments	148,650,000		148,650,000
Derivatives	4,425,617		4,425,617
Other invested assets	274,355,836	$ 10,821,535	263,534,301
Securities lending reinvested collateral	149,354,470		149,354,470
Subtotal, cash and invested assets	$7,083,125,616	$ 10,821,535	$7,072,304,082
Investment income due and accrued	37,327,145		37,327,145
Uncollected premiums	174,148,778	121,986	174,026,791
Amounts recoverable from reinsurers	1,558,713	59,371	1,499,342
Other amounts receivable under reinsurance	2,136,432		2,136,432
Income tax recoverable and interest thereon	139,133,521		139,133,521
Net deferred tax asset	243,154,510	171,536,579	71,617,931
Guaranty funds receivable or on deposit	11,313,698		11,313,698
Electronic data processing equipment	68,536,699	53,691,952	14,844,747
Furniture and equipment	8,477,002	8,477,002	
Receivables from related parties	135,905,499		135,905,499
Health care and other amounts receivable	56,520	56,520	
Life insurance cash value	419,276,537		419,276,537
Prepaid expenses	41,468,955	41,468,955	
Other assets	19,578,716	14,944,765	4,633,951
Nebraska sales tax credit	6,832,547	6,832,547	
Leashold improvements	413,401	413,401	
Disallowed interest maintenance reserve	913,557	913,557	
Totals	$8,393,357,845	$309,338,170	$8,084,019,676

Liabilities, Surplus, and Other Funds

Aggregate reserve for accident and health contracts	$3,226,958,855
Contract claims – Accident and health	539,911,305
Policyholders' dividends	5,659
Premiums and annuity considerations received in advance	46,548,437
Contract liabilities – Provision for experience rating refunds	1,938,409
Commissions to agents due or accrued	5,454,213
Commissions and expense allowance payable on reinsurance assumed	55,657,540
General expenses due or accrued	143,697,001
Taxes, licenses and fees due or accrued	13,533,250
Amounts withheld or retained by company as agent or trustee	28,715,460
Amounts held for agents' account	52,219,788
Remittances and items not allocated	10,173,158
Benefits for employees and agents not included above	268,256,284
Borrowed money and interest thereon	97,030,929
Asset valuation reserve	196,488,329
Funds held under reinsurance treaties with unauthorized and certified reinsurers	13,049
Drafts outstanding	24,757,165
Derivatives	983,774
Payable for securities	8,654,459
Payable for securities lending	149,354,470
Miscellaneous liabilities	18,970,202
Deferred gain on affiliate exchanges	21,980,056
Total liabilities	$4,911,301,789
Surplus notes	$ 710,274,242
Unassigned funds (surplus)	2,462,443,645
Total capital and surplus	$3,172,717,886
Totals	$8,084,019,676

SUMMARY OF OPERATIONS – 2018

Premiums and annuity considerations for life and accident and health contracts	$3,282,629,595
Net investment income	173,648,474
Amortization of Interest Maintenance Reserve	401,376
Commissions and expense allowances on reinsurance ceded	26,512,047
Other miscellaneous income	16,824,129
Totals	$3,500,015,621
Disability benefits and benefits under accident and health contracts	$2,421,738,969
Interest and adjustments on contract or deposit-type contract funds	5,690
Increase in aggregate reserves for life and accident and health contracts	260,833,971
Totals	$2,682,578,631
Commissions on premiums, annuity considerations and deposit-type contracts	$ 209,259,482
Commissions and expense allowances on reinsurance assumed	512,819,289
General insurance expenses	228,658,669
Insurance taxes, licenses and fees, excluding federal income taxes	37,125,066
Other deductions	1,161,781
Decrease in accrued life insurance cash value	15,701,731
Totals	$3,687,304,648
Net gain from operations before dividends, federal income taxes and net realized capital gains	$ (187,289,027)
Dividends to policyholders	21,764
Federal income taxes incurred	(23,857,749)
Net realized capital gains	6,034,261
Net income	$ (157,418,781)

CAPITAL AND SURPLUS ACCOUNT

	2015	2016	2017	2018
Capital and surplus, beginning	$2,795,657,218	$2,862,770,332	$3,048,284,547	$3,189,640,769
Net income	$ 11,177,807	$ 103,423,668	$ (7,088,849)	$ (157,418,781)
Change in net unrealized capital gains	40,842,879	22,472,284	244,742,271	47,962,985
Change in net deferred income tax	(11,404,326)	9,500,012	(149,263,246)	14,346,759
Change in nonadmitted assets	18,940,413	33,004,128	99,715,211	(38,658,843)
Change in net unrealized foreign exchange capital gain	92,035	(1,884,561)	(638,452)	2,817,060
Change in reserve on account of change in valuation basis	1,226,296			
Change in asset valuation reserve	(24,257,028)	(30,194,702)	(41,587,048)	(17,050,763)
Change in surplus notes	(9,555,833)	132,616	142,064	187,805
Minimum pension liability adjustment	46,257,606	53,474,752	(1,452,121)	56,108,050
Income tax benefit (cost) of consolidated return	(7,033,804)	382,420	(539,910)	80,094,206
Unrealized loss – deferred gain on affiliated exchanges	823,400	804,830	(2,640,009)	(5,331,595)
Other miscellaneous gains and losses in surplus	3,669	11,168	(20,103)	22,566
Prior period adjustment		(5,612,400)	(13,585)	(2,332)
Net change for the year	$ 67,113,114	$ 85,514,215	$ 141,356,223	$ (16,922,883)
Capital and surplus, ending	$2,862,770,332	$3,048,284,547	$3,189,640,769	$3,172,717,886

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of $2,462,443,645, 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:

> **Related Party Settlements –** It is recommended that the Company ensure that all intercompany balances are settled in accordance with agreements properly filed with the Nebraska Department of Insurance in compliance with Nebraska Insurance Statute §44-2133(2)(d).
>
> **Action:** The Company has complied with this recommendation.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

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

SUBSEQUENT EVENTS

SALE OF MUTUAL OF OMAHA BANK

On January 1, 2020, Omaha Financial Holdings, Inc., a wholly owned subsidiary of the Company, sold Mutual of Omaha Bank (the Bank) to a third party for approximately $1 billion in cash and purchaser stock. Cash consideration is subject to adjustment during 2020. In relation to the sale, the Company received a return of capital and a dividend in cash and purchaser stock totaling $991,432,340 from Omaha Financial Holdings, Inc., on January 2, 2020.

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, Joel Tapsoba, CFE, Michael Sullivan, CFE, and Daniel Rousseau, Financial Examiners; Gary Evans, CFE, CISA, AES, Information Systems Specialist; and Rhonda Ahrens, FSA, and Derek Wallman, Actuarial Examiners; all with the Nebraska Department of Insurance and Financial Examiners, Information System Specialist, and Actuarial Examiners with or contracted by the New York State Department of Financial Services; participated in this examination and the preparation of this report.

Respectfully submitted,

Eric Dercher

Eric Dercher, CFE
Examiner-in-Charge
Noble Consulting Services, Inc.
Representing the Department of Insurance
State of Nebraska

Andrea Johnson

Andrea Johnson, CFE
Assistant Chief Examiner – Field
Department of Insurance
State of Nebraska

State of Kansas,

County of Johnson,

Eric C. Dercher, CFE, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance State of Nebraska in the examinations of Mutual of Omaha Insurance Company, United of Omaha Life Insurance Company, Medicare Advantage Insurance Company of Omaha, Mutual of Omaha Medicare Advantage Company, Omaha Health Insurance Company, Omaha Insurance Company, Omaha Reinsurance Company, and United World Life Insurance Company.

2. The Department of Insurance 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 reports, and the examinations of Mutual of Omaha Insurance Company, United of Omaha Life Insurance Company, Medicare Advantage Insurance Company of Omaha, Mutual of Omaha Medicare Advantage Company, Omaha Health Insurance Company, Omaha Insurance Company, Omaha Reinsurance Company, and United World Life Insurance Company were performed in a manner consistent with the standards and procedures required by the Department of Insurance State of Nebraska.

The affiant says nothing further.

Eric C. Dercher
Examiner's Signature

Subscribed and sworn before me by Eric C. Dercher on this 10th day of April, 2020.

CYNTHIA L. GLENN
Notary Public
State Of Kansas
My Commission Expires 12/30/2022

(SEAL):

Cynthia L Glenn
Notary Public

My commission expires 12/30/2022 [date].