

JUN 03 2024

FILED

# CERTIFICATION

June 3, 2024

I, Eric Dunning, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the Financial Examination Report of

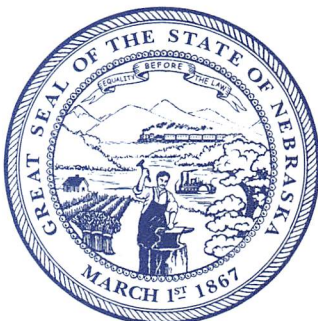
**MUTUAL OF OMAHA INSURANCE COMPANY**

**AS OF**

**DECEMBER 31, 2022**

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.



A handwritten signature in blue ink, appearing to read "Eric Dunning", is written over a horizontal line.

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

**MUTUAL OF OMAHA INSURANCE COMPANY**

**3300 MUTUAL OF OMAHA PLAZA**

**OMAHA, NE 68175**

dated as of December 31, 2022, verified under oath by the examiner-in-charge on April 15, 2024, and received by the company on May 30, 2024, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 31<sup>st</sup> day of May 2024.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read "L. Crawford".

Lindsay Crawford, CFE  
Chief Financial Regulator

**STATE OF NEBRASKA**

**Department of Insurance**

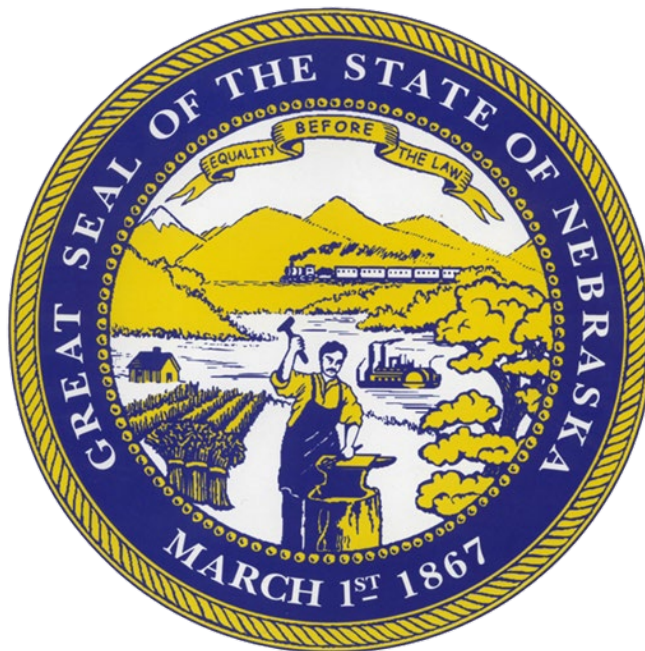
**EXAMINATION REPORT**

**OF**

**MUTUAL OF OMAHA INSURANCE COMPANY**

**as of**

**December 31, 2022**



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Omaha, Nebraska  
April 15, 2024

Honorable Eric Dunning  
Director of Insurance  
Nebraska Department of Insurance  
1526 K Street, Suite 200  
Lincoln, Nebraska 68508

Dear Sir:

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

**MUTUAL OF OMAHA INSURANCE COMPANY**  
**3300 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 State of Nebraska last examined the Company as of December 31, 2018. The current financial condition examination covers the intervening period to, and includes the close of business on December 31, 2022 and such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska and New York participated in this examination and assisted in the preparation of this report.

The same examination staff conducted concurrent financial condition examinations of the Company’s subsidiaries, Companion Life Insurance Company (CLIC), Medicare Advantage Insurance Company of Omaha (MAICO), Mutual of Omaha Medicare Advantage Company (MOMAC), Omaha Health Insurance Company (OHIC), Omaha Insurance Company (OIC),

Omaha Reinsurance Company, Omaha Supplemental Insurance Company (OSIC), United of Omaha Life Insurance Company (United), and United World Life Insurance Company (UWLIC).

### **SCOPE OF EXAMINATION**

The examination was conducted pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statutes. The Handbook requires that examiners plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including but not limited to: corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with Statutory Accounting Principles and Annual Statement Instructions when applicable to domestic state regulations.

The examination was completed under coordination of the holding company group approach with the Nebraska Department of Insurance as the coordinating state and the New York Department of Financial Services 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.

The Nebraska Department of Insurance made a general review of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption "Description of Company." All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the 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. 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, 2021 and 2022. 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 §44-201.

## **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 2022 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 DMLT Holdings, LLC
  - Mutual of Omaha Holdings, Inc.
    - Mutual of Omaha Investor Services, Inc.
    - Mutual of Omaha Marketing Corporation
    - Mutual of Omaha Risk and Insurance Solution Services, Inc.
    - Omaha Insurance Company
  - Mutual of Omaha Medicare Advantage Company
  - Omaha Financial Holdings, Inc.
    - Mutual of Omaha LoanPro, L.L.C.
    - Mutual of Omaha Mortgage, Inc.
      - 55 Places Mortgage, LLC (50%)
      - Carson Lending Group, LLC
      - Home Loan Express, LLC (50%)
      - Legacy Mortgage, LLC (50%)
      - Review Counsel LLC
  - Omaha Health Insurance Company
  - Omaha Supplemental Insurance Company
  - Turner Park North, LLC
  - United of Omaha Life Insurance Company
    - Boston Financial Opportunity Zone Fund 1 LP (99.99%)
    - Cloverlay Sports Assets SPV L.P.
      - Arctos Phanatic Co-Invest, LP (32.2%)

Companion Life Insurance Company  
 Fulcrum Growth Partners III, L.L.C. (80%)  
 Medicare Advantage Insurance Company of Omaha  
 MGG Rated Debt Feeder Fund LP (50%)  
     MGG SF Evergreen Unlevered Fund 2020 LP (53%)  
     MGG SPV XI LLC (20.03%)  
 MHEG OZ Fund 1, LP (99.99%)  
 Mutual of Omaha Opportunities Fund, L.P. (99%)  
     Mutual of Omaha OF Cayman, Ltd.  
 Mutual of Omaha Structured Settlement Company  
 Omaha Reinsurance Company  
 UM Holdings, LLC  
 United DMLT 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, 2022, which are summarized as follows:

<b><u>Date Issued</u></b>	<b><u>Interest Rate</u></b>	<b><u>Par Value</u></b>	<b><u>Carrying Value</u></b>	<b><u>Maturity Date</u></b>
June 15, 2006	6.800%	\$300,000,000	\$258,537,958	June 15, 2036
October 12, 2010	6.950%	300,000,000	152,344,280	October 15, 2040
July 17, 2014	4.297%	<u>300,000,000</u>	<u>300,000,000</u>	July 15, 2054
Total		\$900,000,000	\$710,997,741	

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, one of which shall be the Chief Executive Officer of the Corporation (the ‘Chief Executive Officer’). Not less than one of the Directors shall be a resident of Nebraska.” Article II, Section 1 further states that, “Directors shall be elected at each Annual Meeting of Policyholders.”

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 on December 31, 2022:

<b><u>Name and Residence</u></b>	<b><u>Principal Occupation</u></b>
James T. Blackledge Elkhorn, Nebraska	Chief Executive Officer, Mutual of Omaha Insurance Company
Edward J. Bonach Plymouth, Minnesota	Retired, formerly Chief Executive Officer, CNO Financial Group, Inc.
James R. Boyle Naples, Florida	Retired, formerly President and Chief Executive Officer of Foresters Financial
Kimberly N. Ellison-Taylor Bowie, Maryland	Chief Executive Officer, KET Solutions, LLC

**Name and Residence****Principal Occupation**

W. Gary Gates  
Omaha, Nebraska

Retired, formerly Chief Executive Officer and  
President, Omaha Public Power District

Sheila Hooda  
Wellington, Florida

Chief Executive Officer and President, Alpha  
Advisory Partners

Rodrigo López  
Omaha, Nebraska

Chairman, AmeriSphere Companies, LLC

Derek R. McClain  
Dallas, Texas

Chief Underwriting and Risk Officer, CBRE Real  
Estate Investments

James G. McFarlane  
Santa Barbara, California

Retired, formerly Executive Advisor, Arthur J.  
Gallagher & Co.

Paula R. Meyer  
St. Ansgar, Iowa

Retired, formerly President, RiverSource Funds and  
Ameriprise Certificate Company

**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 on December 31, 2022:

**Name****Office**

James T. Blackledge  
T. Scott Ault  
Bradley N. Buechler  
Nancy L. Crawford  
Richard R. Hrabchak

Chief Executive Officer  
Executive Vice President  
Executive Vice President  
General Counsel  
Chief Financial Officer and Chief Investment  
Officer

Michael A. Lechtenberger  
Elizabeth A. Mazzotta  
Stacy A. Scholtz

Chief Information Officer  
Chief Administrative Officer  
Executive 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.”

The following persons were serving on the Audit Committee on December 31, 2022:

Edward J. Bonach, Chair	Kimberly N. Ellison-Taylor
W. Gary Gates	Derek R. McClain

The following persons were serving on the Compensation and Evaluation Committee on December 31, 2022:

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

The following persons were serving on the Corporate Governance Committee on December 31, 2022:

W. Gary Gates, Chair	Rodrigo López
Derek R. McClain	

The following persons were serving on the Executive Committee on December 31, 2022:

James G. McFarlane, Chair	James T. Blackledge
Edward J. Bonach	Derek R. McClain

The following persons were serving on the Investment Committee on December 31, 2022:

Rodrigo López, Chair	James T. Blackledge
Paula R. Meyer	

The following persons were serving on the Risk Committee on December 31, 2022:

Sheila Hooda, Chair  
Rodrigo López

Kimberly N. Ellison-Taylor

## **TRANSACTIONS WITH AFFILIATES**

### **Intercompany Services Agreement**

Effective February 1, 2018, the Company and OHIC entered into an intercompany services agreement. The agreement provides that, “the parties will make available to each other the services of certain employees, specialists, professionals, skilled and experienced administrators, and a variety of equipment and facilities, as needed, at a cost to be determined as the function, services and equipment are made available, with the primary object being overall cost equity.” Services include accounting, treasury management, business operation management, investment portfolio management and other areas of expertise, such as public relations or other professional services.

The agreement is effective until terminated, which can be done by either party providing 90 days written notice.

### **Intercompany Services Agreement**

Effective February 25, 2019, the Company entered into an intercompany services agreement with subsidiaries MAICO and MOMAC. Under the agreement, the Company and other participants will provide to each other certain services such as human resources, finance, accounting, payroll, treasury, investments, information technology, and other areas of expertise such as legal, compliance, internal audit, corporate services, and marketing as needed from time to time. The standards for allocating expenses are for services rendered, on a fair and reasonable basis, resulting in overall equity to the parties.

### **Intercompany Services Agreement**

Effective August 1, 2020, the Company and certain of its direct and indirect subsidiaries entered into an intercompany services agreement. The parties to the agreement include the Company, CLIC, East Campus Realty, LLC, Mutual Community Development Company, Mutual of Omaha Holdings, Inc., Mutual of Omaha Investor Services, Inc., Mutual of Omaha LoanPro, L.L.C., Mutual of Omaha Marketing Corporation, Mutual of Omaha Mortgage, Inc., Mutual of Omaha Structured Settlement Company, OMAFIN, Inc., Omaha Financial Holdings, Inc. (OFHI), OIC, ORC, OSIC, Turner Park North, LLC, UM Holdings, LLC., United, and UWLIC. The agreement was executed to revoke and replace various other existing services agreements and consolidate them into one agreement.

This agreement provides that, “the parties will make available to each other the services of certain employees, specialists, professionals, skilled and experienced administrators and specialized equipment, as needed, upon terms that are fair and reasonable at a reasonable cost to be determined by the provider of the services as the function, services and equipment are made available.” The services to be performed include accounting, treasury management, business operation management, investment advisory, and other areas of expertise, such as public relations or other professional services.

The agreement is effective until terminated. Any party may terminate its participation in the agreement by providing 90 days written notice to the other parties.

### **Tax Allocation Agreement**

A consolidated federal income tax return is filed for Mutual and its eligible subsidiaries pursuant to a written agreement approved by the Board of Directors. Each company’s provision for federal income tax expense is based on separate return calculations with credit for operating

losses allowed by the parent company only as each company would utilize such losses on a separate return basis with limited exceptions.

### **Revolving Lines of Credit**

Each year, the Company enters into various revolving credit notes with certain subsidiaries. During the exam period, the Company reported the following amounts loaned to subsidiaries as short-term investments:

	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
OFHI	\$51,750,000			
OHIC			\$206,400,000	\$64,500,000
OIC		\$10,000,000	16,200,000	9,500,000
OSIC				500,000
United		57,300,000		
UWLIC	<u>5,000,000</u>	<u>                    </u>	<u>16,800,000</u>	<u>9,900,000</u>
Total	<u>\$56,750,000</u>	<u>\$67,300,000</u>	<u>\$239,400,000</u>	<u>\$84,400,000</u>

### **Capital Contributions**

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

	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
Boston Financial				
Opportunity Zone Fund 1		\$ 3,881,921		
East Campus Realty LLC	\$ 65,969,512			
MGEG OZ Fund 1, L.P.	400,000			
Mutual of Omaha Holding				
Inc.	12,000,000			
OFHI		2,275,667		
OHIC	90,000,000	300,000,000		
OSIC	17,500,000		\$6,000,000	\$5,500,000
United	66,968			
Turner Park North, LLC	<u>2,500,000</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$188,436,480</u>	<u>\$306,157,588</u>	<u>\$6,000,000</u>	<u>\$5,500,000</u>



## **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 distribution channels: Advisor Network, Brokerage, and Direct to Consumer (DTC). As of December 31, 2022, Advisor Network is comprised of 961 independent contractor agents, which are managed by 98 employee field managers along with support from our Advisor Network Home Office team. The 30 Division Offices in Advisor sales focus on utilizing a needs-based sales methodology to identify customers' insurance and investment needs. Based on client need, agents focus on providing solutions from the Mutual of Omaha 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 24 group sales offices and 9 group sales satellite offices, as well as through insurance brokers. The Company markets dental, accidental death and dismemberment, hospital indemnity, accident, critical illness, disability, and other health coverage to commercial markets. The Company's major subsidiary, United, generally uses the same sales offices, personnel, and brokers as the Company.

## **REINSURANCE**

### **Assumed - Affiliates**

The Company entered a 100% quota share agreement, effective January 1, 1984, with its indirect subsidiary, UWLIC. Under the term of the agreement, the Company assumes all of UWLIC'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. There have been four amendments to this agreement as of the examination date. Most of the amendments addressed name and address changes, and the timing for the allocation and payment of expenses. The third amendment on August 1, 2004 added the cession of all Medicare Supplement insurance policies issued by UWLIC on or after January 1, 2004.

Under the terms of a reinsurance agreement effective July 1, 2007, as amended June 1, 2009 and July 1, 2011, the Company agreed to assume 100% of the individual long term care (LTC) 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 subsidiary, OIC, on or after the effective date.

Effective January 1, 2013, the Company entered into a reinsurance agreement with its subsidiary, United. The Company agreed to assume 100% of all Medicare Supplement business issued by United, on or after the effective date.

Effective August 1, 2019, the Company entered into a quota share reinsurance agreement with its subsidiary, OSIC. The Company agreed to assume 90% of all Medicare Supplement insurance policies that were issued by OSIC 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 Groep N.V. purchased Aetna Inc.'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 LTC 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:

<b><u>Company</u></b>	<b><u>Effective Date</u></b>
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

**Company**

**Effective Date**

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
Federal Life Insurance Company	June 1, 2020
Supreme Council of the Royal Arcanum (95%)	August 1, 2020

\*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 LTC 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 agreements terminated to new business with Swiss Re effective September 30, 2001, with Security Life effective December 31, 2004, and with Employers 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

reinsurance attachment was increased to \$8,500 effective July 1, 2017, and again increased to \$9,000 effective July 1, 2021. Amounts over \$20,000 are retained by the Company.

Effective July 1, 2011, the Company entered into a 50% quota share reinsurance agreement with RGA Reinsurance Company covering individual LTC business. Effective January 1, 2017, the quota share percentage was decreased to 15%. Effective January 1, 2020, the quota share was returned to 50% on new LTC business written.

Effective April 1, 2020, the Company entered into an automatic individual disability income coinsurance agreement with Munich. The agreement operates on an excess of loss basis with the Company retaining \$7,500 monthly benefit and ceding 100% excess of the retention limit.

### **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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Bonds	\$3,890,579,678	\$4,453,241,138	\$ 4,724,444,886	\$ 4,930,425,543
Admitted assets	9,107,411,493	9,440,459,254	10,341,789,035	10,171,178,077
Aggregate A&H reserves	3,491,308,937	3,719,882,109	4,017,959,547	4,391,314,716
Total liabilities	5,967,427,284	5,817,005,778	6,345,192,013	6,159,588,445
Capital and surplus	3,139,984,209	3,623,453,476	3,996,597,022	4,011,589,632
Premiums earned	3,538,507,101	3,715,073,602	3,779,081,159	3,843,098,763
Net investment income	174,118,721	701,093,820	265,402,655	206,695,758
Disability benefits	2,670,368,406	2,508,430,534	2,693,367,010	2,823,915,684
Net income	(130,642,158)	766,804,639	219,944,301	(77,226,422)

### 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, 2022. 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, 2022**

**Assets**

	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$ 4,930,425,543		\$ 4,930,425,543
Preferred stocks	14,245,603		14,245,603
Common stocks	2,559,187,091	\$ 2,477,054	2,556,710,037
Mortgage loans – first liens	437,644,631		437,644,631
Real estate – occupied by the company	40,753,050		40,753,050
Real estate – income production	4,906,555		4,906,555
Real estate – held for sale	9,646,600		9,646,600
Cash	(16,157,877)		(16,157,877)
Cash equivalents	102		102
Short-term investments	84,400,000		84,400,000
Derivatives	10,175,611		10,175,611
Other invested assets	584,443,749	2,836,088	581,607,661
Receivables for securities	4,367,077		4,367,077
Securities lending reinvested collateral	<u>281,644,682</u>		<u>281,644,682</u>
Subtotal, cash and invested assets	<u>\$ 8,945,682,417</u>	<u>\$ 5,313,142</u>	<u>\$ 8,940,369,275</u>
Investment income due and accrued	50,883,802		50,883,802
Uncollected premiums	207,347,081	174,825	207,172,256
Amounts recoverable from reinsurers	2,965,223		2,965,223
Other amounts receivable under reinsurance contracts	3,488,792		3,488,792
Income tax recoverable and interest thereon	21,093,785		21,093,785
Net deferred tax asset	222,739,635	143,721,483	79,018,152
Guaranty funds receivable or on deposit	7,107,205		7,107,205
Electronic data processing equipment	83,573,592	70,809,996	12,763,596
Furniture and equipment	3,308,253	3,308,253	
Receivables from related parties	212,584,573		212,584,573
Health care and other amounts receivable	28,600	28,600	
Life insurance cash value	614,977,207		614,977,207
Other miscellaneous assets	48,380,707	32,564,042	15,816,665
Prepaid expenses	43,985,071	44,464,219	(479,148)
Nebraska sales tax credit	<u>3,416,694</u>		<u>3,416,694</u>
Total assets	<u><u>\$10,471,562,638</u></u>	<u><u>\$300,384,561</u></u>	<u><u>\$10,171,178,077</u></u>



## **Liabilities, Surplus, and Other Funds**

Aggregate reserve for accident and health contracts	\$ 4,391,314,716
Contract claims – accident and health	663,954,784
Policyholders' dividends	4,186
Premiums and annuity considerations received in advance	48,003,977
Contract liabilities – provision for experience rating refunds	1,322,347
Interest maintenance reserve	21,384,725
Commissions to agents due or accrued	6,713,265
Commissions and expense allowance payable on reinsurance assumed	45,856,382
General expenses due or accrued	153,352,084
Taxes, licenses and fees due or accrued	14,169,702
Amounts withheld or retained by company as agent or trustee	55,503,893
Amounts held for agents' account	50,292,314
Remittances and items not allocated	6,156,246
Benefits for employees and agents not included above	163,961,700
Borrowed money and interest thereon	49,104,260
Asset valuation reserve	129,832,288
Payable to parent, subsidiaries and affiliates	5,500,000
Drafts outstanding	10,232,163
Payable for securities lending	281,644,682
Miscellaneous liabilities	41,668,135
Deferred gain on affiliate exchanges	<u>19,616,597</u>
Total liabilities	\$ 6,159,588,445
Surplus notes	710,997,741
Unassigned funds (surplus)	<u>3,300,591,891</u>
Total capital and surplus	<u>\$ 4,011,589,632</u>
Total liabilities, capital and surplus	<u>\$10,171,178,077</u>

## SUMMARY OF OPERATIONS – 2022

Premiums and annuity considerations for life and accident and health contracts	\$3,843,098,763
Net investment income	206,695,758
Amortization of Interest Maintenance Reserve	2,018,511
Commissions and expense allowances on reinsurance ceded	45,070,262
Other miscellaneous income	<u>22,403,218</u>
Total income	<u>\$4,119,286,512</u>
Disability benefits and benefits under accident and health contracts	\$2,823,915,684
Interest and adjustments on contract or deposit-type contract funds	19,702
Increase in aggregate reserves for life and accident and health contracts	<u>278,104,693</u>
Total benefits	\$3,102,040,079
Commissions on premiums, annuity considerations and deposit-type contracts	205,983,124
Commissions and expense allowances on reinsurance assumed	477,758,178
General insurance expenses	268,416,724
Insurance taxes, licenses and fees, excluding federal income taxes	43,591,369
Decrease in accrued life insurance cash value	95,758,468
Other deductions	<u>909,892</u>
Total benefits and expenses	<u>\$4,194,457,833</u>
Net gain from operations before dividends, federal income taxes and net realized capital gains	\$ (75,171,321)
Dividends to policyholders	16,190
Federal income taxes incurred	(5,448,331)
Net realized capital gains	<u>(7,487,242)</u>
Net income	<u>\$ (77,226,422)</u>

## CAPITAL AND SURPLUS ACCOUNT

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Capital and surplus, beginning	<u>\$3,172,717,886</u>	<u>\$3,139,984,209</u>	<u>\$3,623,453,476</u>	<u>\$3,996,597,022</u>
Net income	\$ (130,642,158)	\$ 766,804,639	\$ 219,944,301	\$ (77,226,422)
Change in net unrealized capital gains	136,501,584	(279,621,883)	76,049,195	(20,318,974)
Change in net deferred income tax	54,288,438	(19,814,101)	(28,483,324)	(24,333,721)
Change in nonadmitted assets	(41,986,806)	30,789,415	33,917,824	(13,766,826)
Change in reserve on account of change in valuation basis				(89,192,290)
Change in asset valuation reserve	(20,030,899)	111,232,409	(55,668,201)	31,122,732
Change in surplus notes	162,325	174,295	186,712	200,167
Minimum pension liability Adjustment	(72,777,310)	(83,657,326)	128,899,424	198,554,743
Income tax benefit (cost) of consolidated return	46,846,839	(44,685,827)	2,238,287	6,859,209
Unrealized loss – deferred gain on affiliated exchanges	(5,095,691)	2,247,647	(3,940,674)	9,152,176
Prior period adjustment	_____	_____	_____	(6,058,187)
Net change for the year	<u>\$ (32,733,678)</u>	<u>\$ 483,469,268</u>	<u>\$ 373,143,546</u>	<u>\$ 14,992,610</u>
Capital and surplus, ending	<u>\$3,139,984,209</u>	<u>\$3,623,453,476</u>	<u>\$3,996,597,022</u>	<u>\$4,011,589,632</u>

## EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$3,300,591,891, as reported in the Company's 2022 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, Brian Davis, CFE, Joe Jacobson, CFE, John Wiatr, CFE, and Caden Boesiger, Financial Examiners; and Michael Muldoon, MAAA, ASA, FCA, and Margaret Garrison, Actuarial Examiners; all with the Nebraska Department of Insurance; Stefan Obereichholz-Bangert, AES, CISA, CISM and Michael Nadeau, CFE, AES, CISA, CPA Information Systems Specialists with Noble Consulting Services, Inc., contracted by the Nebraska Department of Insurance; and Financial Examiners and Actuarial Examiners with the New York Department of Financial Services; participated in this examination and assisted in the preparation of this report.

Respectfully submitted,



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

State of Nebraska,

County of Lancaster,

Isaak Russell, being duly sworn, states as follows:

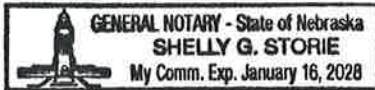
1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of Mutual of Omaha Insurance Company and its insurance affiliates.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Mutual of Omaha and its insurance affiliates 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 ISAIAK RUSSELL on this 15<sup>th</sup> day of APRIL, 2024.

(SEAL)



  
Notary Public

My commission expires Jan 16, 2028 [date].