

JUN 14 2025

FILED

# CERTIFICATION

June 14, 2025

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

**TIER ONE INSURANCE COMPANY**

**AS OF**

**DECEMBER 31, 2023**

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

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



  
\_\_\_\_\_  
DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

**TIER ONE INSURANCE COMPANY**

**1932 WYNNNTON ROAD**

**COLUMBUS, GA 31999-0001**

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

Dated this 4<sup>th</sup> day of June 2025.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

A handwritten signature in black ink that reads "Tadd R. Wegner". The signature is written in a cursive style with a large, stylized 'W'.

Tadd Wegner, CFE  
Chief Financial Regulator

**STATE OF NEBRASKA**

**Department of Insurance**

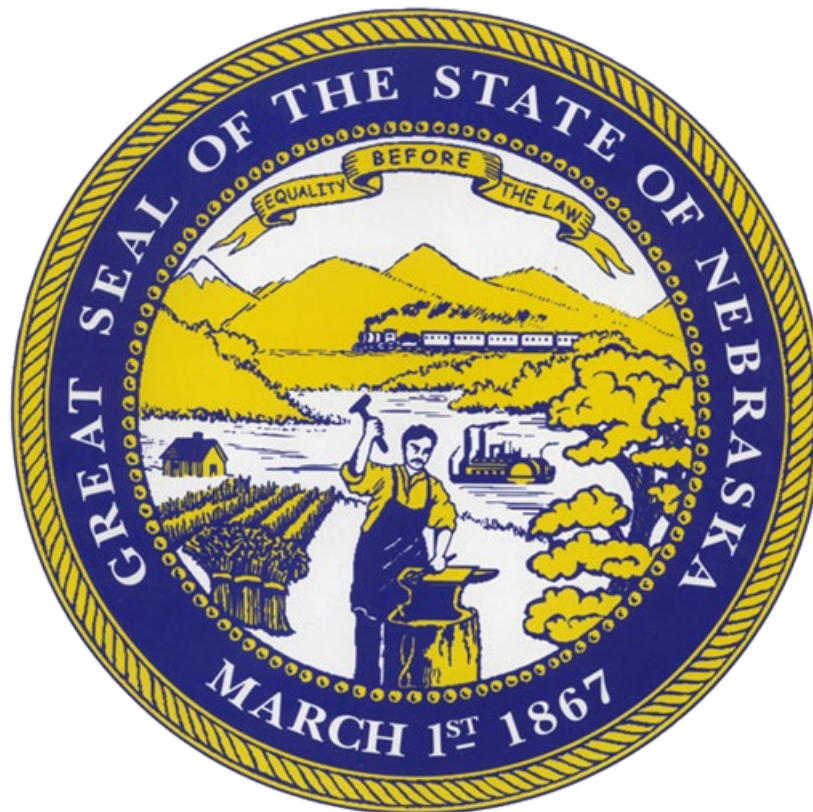
**EXAMINATION REPORT**

**OF**

**TIER ONE INSURANCE COMPANY**

**as of**

**December 31, 2023**



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Omaha, Nebraska  
April 16, 2025

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

Dear Sir:

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

**TIER ONE INSURANCE COMPANY**

which has its Statutory Home Office located at

10306 Regency Parkway Drive  
Omaha, Nebraska 68114-3743

with its Principal Executive Office located at

1932 Wynnton Road  
Columbus, Georgia 31999-0001

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

**INTRODUCTION**

The State of Nebraska last examined the Company as of December 31, 2019. The current financial condition examination covers the intervening period to, and includes the close of business on December 31, 2023 and such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska and New York participated in this examination and assisted in the preparation of this report.

The same examination staff conducted concurrent financial condition examinations of the Company's affiliates, American Family Life Assurance Company of Columbus (Aflac-Columbus), American Family Life Assurance Company of New York (Aflac-NY), and Continental American Insurance Company (CAIC).

### **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 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 which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption "Description of Company." All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the Shareholder, Board of Directors, and committees held during the examination period were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, and approval of investment transactions were also noted.

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed, as were plans for employee welfare and pension. Certificates of Authority to conduct the business of insurance in the various states were inspected, and a survey was made of the Company's general plan of operation.

Data reflecting the Company's growth during the period under review, as developed from the Company's filed annual statements, is reflected in the financial section of this report under the caption "Body of Report."

The Company's reinsurance facilities were ascertained and noted and have been commented upon in this report under the caption "Reinsurance." Accounting records and procedures were tested to the extent deemed necessary through the risk-focused examination process. The Company's method of claims handling and procedures pertaining to the adjustment and payment of incurred losses were also noted.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by KPMG, LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2022, and 2023. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

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

## **DESCRIPTION OF COMPANY**

### **HISTORY**

The Company was formed on June 11, 1981, under the laws of the State of Delaware as Fidelity Life Insurance Company (FLIC). On June 30, 1995, the Company redomesticated to the State of Pennsylvania. The Company again redomesticated from Pennsylvania to Oklahoma effective May 12, 2008, and changed the name of the Company from FLIC to HealthMarkets Insurance Company (HMIC), where it operated as a shell. HMIC began offering stand-alone Medicare prescription drug plans as a plan sponsor under the Medicare Part D effective January 1, 2013. In 2014, management began working on divestiture in the Medicare prescription drug



plans and all members were non-renewed after 2014. As of January 1, 2015, the Company was again a shell.

On June 22, 2016, HealthMarkets, LLC which owned HMIC, entered into a stock purchase agreement with Aflac Incorporated (Aflac Inc.), a Georgia corporation, for the sale of its equity interest in the Company. The transaction was approved by the Oklahoma Department of Insurance on December 14, 2016. The transaction was completed on January 3, 2017, with an effective date of January 1, 2017. On January 4, 2017, the name of HMIC was changed to Tier One Insurance Company.

On January 4, 2019, Aflac Inc. requested the redomestication of the Company from Oklahoma to Nebraska to consolidate operations to one regulator creating efficiencies and reducing compliance cost. The Nebraska Department of Insurance approved this request on March 11, 2019.

## **MANAGEMENT AND CONTROL**

### **Holding Company**

The Company is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing flowing from the “Ultimate Controlling Person,” as reported in the 2023 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

- Aflac Incorporated
  - Aflac Asset Management LLC
    - Aflac Asset Management Japan Ltd.
    - Global Alternatives Fund SPC
    - Global Alternatives Private Equity Portfolio SP
    - Global Alternatives Real Estate Portfolio SP
  - Aflac Benefits Advisors, Inc.
  - Aflac Global Ventures LLC

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

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

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

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

*\*\*\*\* 80.8% owned by Global Investment Fund I, and 19.2% owned by American Life Assurance Company of Columbus.*

### **Shareholder**

Article III of the Company's Articles of Incorporation states that, "the aggregate number of shares which this Corporation shall have authority to issue is 300,000 shares of voting common stock of \$10.00 par value per share." The Company has 300,000 shares of common stock issued and outstanding. All outstanding common shares of the Company are owned by the parent holding company, Aflac Inc., whose shares are publicly traded on the New York Stock Exchange.

No dividends were declared to the parent company during the exam period. During the exam period, the Company received capital contributions of \$25 million in 2021, \$40 million in 2022, and \$20 million in 2023 from Aflac Inc.

Article 2, Section 2.1 of the Company's By-Laws states that, "meetings of Shareholders may be held at any place within or without the State of Nebraska as set forth in the notice thereof or, in the event of a meeting held pursuant to waiver of notice, as set forth in the waiver, or if no place is so specified, at the principal office of the Corporation." Section 2.2 of the Company's By-Laws goes on to state, "the annual meeting of Shareholders shall be held for the purpose of electing Directors and transacting any and all business that may properly come before the meeting (i) on the third Tuesday in June of each year unless that day is a legal holiday, and in that event on the next succeeding business day, or (ii) at such other date and time as shall be determined by the Board of Directors provided that such date is on or before the 30<sup>th</sup> day of June in each and every calendar year."

### **Board of Directors**

Article 3, Section 3.1 of the Company's By-Laws states that, "the property, affairs and business of the Corporation shall be managed by or under the direction of its Board of Directors, which may exercise all powers of the Corporation and do all lawful acts and things which are not by law, by the Articles of Incorporation or by these By-Laws directed or required to be exercised or done by the Shareholders." Section 3.2 states that, "the number of Directors which shall constitute the whole Board shall be not less than five (5) or more than twenty-five (25), at least one of which must be a resident of the State of Nebraska." Section 3.2 continues to state that, "each Director elected shall hold office until the next succeeding annual meeting of the Shareholders and thereafter until his successor is elected and qualified or until his earlier resignation, removal from office, disqualification, retirement or death."

The following persons were serving as Directors on December 31, 2023:

| <b><u>Name and Residence</u></b>           | <b><u>Principal Occupation</u></b>   |
|--|--|
| Daniel Paul Amos<br>Columbus, Georgia      | Chairman of the Board and Chief Executive Officer,<br>Aflac Incorporated                     |
| Max Kristian Brodén<br>Columbus, Georgia   | Executive Vice President, Chief Financial Officer,<br>Aflac Incorporated                     |
| Lawrence Francis Harr<br>Omaha, Nebraska   | Partner, Lamson, Dugan and Murray  |
| June Posey Howard*<br>Columbus, Georgia    | Senior Vice President, Financial Service and Chief<br>Accounting Officer, Aflac Incorporated |
| Thomas Joseph Kenny<br>Columbus, Georgia   | Former Partner and Co-Head of Global Fixed<br>Income, Goldman Sachs Asset Management         |
| Karole Friday Lloyd<br>Columbus, Georgia   | CPA and retired Managing Partner, Ernst & Young,<br>LLP                                      |
| Virgil Raynard Miller<br>Columbus, Georgia | President, Aflac Incorporated  |

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

Audrey Boone Tillman  
Columbus, Georgia

Senior Executive Vice President and General  
Counsel, Aflac Incorporated

\* Robin L. Blackmon was appointed to replace June P. Howard effective January 1, 2024.

**Officers**

Article 4, Section 4.1 of the Company's By-Laws states that, "the Officers of the Corporation, who shall be chosen by the Board of Directors, are as follows: Chief Executive Officer, Chairman of the Board of Directors, Vice Chairman of the Board of Directors, President, First Executive Vice President, Executive Vice President, Secretary, Assistant Secretary, Treasurer, and Assistant Treasurer." Section 4.1 of the By-Laws also states that, "the Board may, in its discretion, leave any of the above offices vacant for any length of time." Section 4.3 of the By-Laws states that, "unless otherwise provided by resolution of the Board of Directors, the principal officers shall serve until their successors shall have been chosen and qualified, or until their death, resignation or removal as provided by these By-Laws."

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

**Name****Office**

Daniel P. Amos

Chairman of the Board of Directors and Chief  
Executive Officer

Virgil R. Miller

President

Max K. Brodén

Executive Vice President, Treasurer

Bradley E. Dyslin

Executive Vice President, Global Chief Investment  
Officer

Steven K. Beaver

Senior Vice President, Chief Financial Officer

Jon A. Edgington

Senior Vice President, Sales Operations and  
Analytics

Keith P. Farley

Senior Vice President, Individual Voluntary Benefits

June P. Howard

Senior Vice President, Financial Services and Chief  
Accounting Officer

| <b><u>Name</u></b>      | <b><u>Office</u></b>  |
|-------------------------|---|
| Thomas L. McDaniel, Jr. | Senior Vice President, Chief Auditor and Chief Compliance Officer |
| Robert R. Ruff          | Senior Vice President, Group Voluntary Benefits                   |
| Mario Haifa             | Vice President, Consumer Markets                                  |
| J. Matthew Loudermilk   | Vice President, Corporate Secretary                               |
| X. May Liu              | Global Head of Credit   |
| James M. Rizzo          | U.S. Chief Investment Officer                                     |

### **Committees**

Section 3.11 of the Company's By-Laws states that, "the Board of Directors may, by the greater of (a) a majority of all the Directors in office when the action taken or (b) the number of Directors required by the Articles of Incorporation or By-Laws to take action under Neb. Rev. Stat. §21-2093, designate from among its members one or more committees, each committee to consist of two or more Directors."

The following persons were serving on the Executive Committee on December 31, 2023:

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

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

|                           |               |
|---------------------------|---------------|
| Thomas J. Kenny, Chairman | Max K. Brodén |
| Karole F. Lloyd           |               |

Aflac Inc. has a number of committees that assist in fulfilling the oversight responsibilities of the holding company and its insurance subsidiaries, including but not limited to an Audit and Risk Committee.

### **TRANSACTIONS WITH AFFILIATES**

#### **Service Agreements**

Effective March 11, 2019, the Company entered into a Master Intercompany Services and Facilities Agreement with Aflac Inc., whereby both companies are able to provide personnel

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

Effective September 1, 2019, the Company entered into a Master Intercompany Services and Facilities Agreement with Aflac-Columbus, whereby both companies are able to provide personnel services, certain property, equipment, and facilities to the other party. The service fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge.

Effective January 7, 2020, the Company entered into a Master Intercompany Services and Facilities Agreement with Aflac Northern Ireland (formerly NIO Innovative Technologies Ltd.), whereby both companies are able to provide personnel services, certain property, equipment, and facilities to the other party. The service fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge.

Effective October 27, 2021, the Company entered into a Master Intercompany Services and Facilities Agreement with Aflac Benefits Solutions, Inc. (formerly Argus Dental and Vision, Inc.), whereby Aflac Benefits Solutions, Inc. is able to provide personnel services, certain property, equipment, and facilities to the Company. The service fee, paid by the Company, is based on a defined percentage of earned premium.

Effective January 1, 2023, the Company entered into a Master Intercompany Services and Facilities Agreement with Empowered.Insure, LLC, whereby both companies are able to provide personnel services, certain property, equipment, and facilities to the other party. The service fee, paid by the recipient is, based on commissions earned at company defined rates.

Effective January 1, 2023, the Company entered into a Master Intercompany Services and Facilities Agreement with Communicorp, Inc., whereby both companies are able to provide

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

Effective July 10, 2023, the Company entered into an Administrative Services Agreement with Aflac-NY, whereby the Company is able to provide Aflac-NY with digital marketing support services, which includes but is not limited to providing marketing support for direct-to-consumer sales through digital and e-commerce platforms. The service fee, paid by Aflac-NY, is an expense-based allocation that includes a small intercompany profit charge.

Effective July 10, 2023, the Company entered into a Master Intercompany Services and Facilities Agreement with Empoweredbenefits, LLC, whereby both companies are able to provide personnel services, certain property, equipment, and facilities to the other party. The service fee, paid by the recipient, is an expense-based allocation that includes a small intercompany profit charge.

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

#### **Line of Credit Agreement**

Effective March 20, 2020, the Company entered into an Uncommitted and Revolving Credit Line Agreement with Aflac Inc. The agreement provides for borrowings up to \$300 thousand from Aflac Inc. on a revolving basis.



### **Investment Management Agreement**

Effective January 1, 2020, the Company entered into an Investment Management Agreement with Aflac Asset Management LLC (AAM), whereby AAM provides investment management services. In return, the Company pays a quarterly fee calculated by applying annual rates to each asset class managed by AAM.

### **Intercompany Tax Allocation Agreement**

On January 1, 2019, the Company entered into a tax allocation agreement with its parent company and other eligible members of the consolidated federal income tax return of Aflac Inc. The agreement permits Aflac Inc. to file consolidated tax returns with the Company and other Aflac Inc. subsidiaries. Allocation is based upon separate return calculations, and the settlement of current income taxes, payable or refundable, is completed when Aflac Inc. makes payment to, or receives funds from, the Internal Revenue Service.

### **TERRITORY AND PLAN OF OPERATION**

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in the District of Columbia and all states except New York.

The Company issues individual life and health products distributed through direct to consumer and third-party channels that include aggregators, affinity marketers, and brokers. The Company began writing policies at the beginning of 2021.

### **REINSURANCE**

#### **Ceded**

Effective March 22, 2022, the Company entered a Final Expense Coinsurance Agreement with Aetna Life Insurance Company (Aetna). This is a quota share agreement where the Company initially retained 20% of all final expense whole life business written. Beginning

January 1, 2023, the Company exercised an annual option to increase its retention by up to 10%. For policies issued in 2022, the Company retained 20%, for policies issued in 2023 the Company retained 30%, for policies issued in 2024 the Company retained 40%, and for policies issued in 2025 the Company retained 50%.

Effective July 1, 2022, the Company entered a Medicare Supplement Coinsurance Agreement with Aetna, whereby the Company cedes 100% of its Medicare Supplement business written.

### **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:

|   | <b><u>2020</u></b> | <b><u>2021</u></b> | <b><u>2022</u></b> | <b><u>2023</u></b> |
|---|--------------------|--------------------|--------------------|--------------------|
| Bonds   | \$ 40,008,285      | \$ 39,946,350      | \$ 41,095,158      | \$ 40,976,884      |
| Admitted assets                                     | 75,888,318         | 73,640,325         | 79,967,846         | 86,608,004         |
| Aggregate reserve for life contracts                |                    |                    | 6,550              | 170,832            |
| Aggregate reserve for accident and health contracts |                    | 406,147            | 989,028            | 1,610,437          |
| Total liabilities                                   | 14,735,742         | 16,669,976         | 19,725,464         | 35,307,225         |
| Capital and surplus                                 | 61,152,576         | 56,970,349         | 60,242,382         | 51,300,779         |
| Premium income                                      |                    | 3,429,956          | 17,624,986         | 35,051,122         |
| Net investment income                               | 814,973            | 707,119            | 1,112,190          | 1,788,675          |
| Disability benefits                                 |                    | 1,542,662          | 8,326,641          | 9,847,983          |
| Net income  | (24,466,174)       | (26,816,919)       | (35,266,853)       | (27,221,238)       |

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the State of Nebraska Department of Insurance and present the financial condition of the Company for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statements and should be considered an integral part of the financial statements. A reconciliation of the capital and surplus account for the period under review is also included.

### **FINANCIAL STATEMENT** **December 31, 2023**

| <b><u>Assets</u></b>                                 |                      | <b><u>Assets Not<br/>Admitted</u></b> | <b><u>Net<br/>Admitted<br/>Assets</u></b> |
|--|----------------------|---------------------------------------|---|
|  | <b><u>Assets</u></b> |                                       |   |
| Bonds  | \$40,976,884         |                                       | \$40,976,884                              |
| Cash, cash equivalents and short-term investments    | <u>36,139,380</u>    |                                       | <u>36,139,380</u>                         |
| Subtotal, cash and invested assets                   | \$77,116,264         |                                       | \$77,116,264                              |
| Investment income due and accrued                    | 273,521              |                                       | 273,521                                   |
| Uncollected premiums in course of collection         | 836,649              |                                       | 836,649                                   |
| Other amounts receivable under reinsurance contracts | 1,487,068            |                                       | 1,487,068                                 |
| Guaranty funds receivable                            | 56,811               | \$ 56,077                             | 734                                       |
| Electronic data processing equipment                 | 8,978                |                                       | 8,978                                     |
| Receivables from parent and affiliates               | 2,388,922            |                                       | 2,388,922                                 |
| Health care  | 5,454,604            | 5,454,604                             |   |
| Other assets   | <u>4,496,126</u>     | <u>258</u>                            | <u>4,495,868</u>                          |
| Total assets   | <u>\$92,118,943</u>  | <u>\$5,510,939</u>                    | <u>\$86,608,004</u>                       |

**Liabilities, Surplus, and Other Funds**

|   |                      |
|---|----------------------|
| Aggregate reserve for life contracts                | \$ 170,832           |
| Aggregate reserve for accident and health contracts | 1,610,437            |
| Life contract claims                                | 81,154               |
| Accident and health contract claims                 | 10,975,000           |
| Premiums received in advance                        | 14,861               |
| Other amounts payable on reinsurance                | 4,926,342            |
| Interest maintenance reserve                        | 56,468               |
| Commissions to agents due or accrued                | 3,735,593            |
| General expenses due or accrued                     | 6,525,556            |
| Taxes, licenses and fees due or accrued             | 813,436              |
| Amounts withheld as agent or trustee                | 75,567               |
| Remittances and items not allocated                 | 3,101                |
| Asset valuation reserve                             | 111,875              |
| Payable to parent and affiliates                    | 4,376,410            |
| Payable for securities                              | 2,904                |
| Other liabilities                                   | 1,820,513            |
| Pension liability                                   | 6,916                |
| Unclaimed property                                  | <u>260</u>           |
| Total liabilities                                   | \$ 35,307,225        |
| Common capital stock                                | 3,000,000            |
| Gross paid in and contributed surplus               | 181,581,766          |
| Unassigned funds (surplus)                          | <u>(133,280,987)</u> |
| Total capital and surplus                           | \$ <u>51,300,779</u> |
| Total liabilities, capital and surplus              | <u>\$ 86,608,004</u> |

### **SUMMARY OF OPERATIONS – 2023**

|  |                              |
|--|------------------------------|
| Premiums for life and accident and health contracts                                    | \$ 35,051,122                |
| Net investment income  | 1,788,675                    |
| Amortization of interest maintenance reserve   | 14,891                       |
| Commissions and expense allowances on reinsurance ceded                                | 5,441,971                    |
| Administrative service fees  | <u>114,612</u>               |
| Total income   | \$ 42,411,271                |
| Death benefits   | 133,704                      |
| Disability benefits  | 9,847,983                    |
| Increase in aggregate reserves for life and accident and health contracts              | <u>785,691</u>               |
| Total losses   | \$ 10,767,378                |
| Commissions on premiums  | 16,437,994                   |
| General insurance expenses   | 39,923,119                   |
| Insurance taxes, licenses and fees, excluding federal income taxes                     | <u>2,506,633</u>             |
| Total expenses   | \$ 69,635,124                |
| Net gain from operations before federal income taxes<br>and net realized capital gains | (27,223,853)                 |
| Federal income taxes incurred  | 549                          |
| Net realized capital gains   | <u>2,066</u>                 |
| Net income   | <u><u>\$(27,221,238)</u></u> |

### **CAPITAL AND SURPLUS ACCOUNT**

|                                   | <b><u>2020</u></b>          | <b><u>2021</u></b>    | <b><u>2022</u></b>   | <b><u>2023</u></b>    |
|-----------------------------------|-----------------------------|-----------------------|----------------------|-----------------------|
| Capital and surplus, beginning    | <u>\$ 12,108,242</u>        | <u>\$ 61,152,576</u>  | <u>\$ 56,970,349</u> | <u>\$ 60,242,382</u>  |
| Net income                        | \$(24,466,174)              | \$(26,816,919)        | \$(35,266,853)       | \$(27,221,238)        |
| Change in net deferred income tax | 2,395                       | (3,918)               |                      | 2,465                 |
| Change in nonadmitted assets      | 73,534,980                  | (2,325,212)           | (1,426,396)          | (1,703,254)           |
| Change in asset valuation reserve | (26,866)                    | (21,440)              | (34,719)             | (28,850)              |
| Surplus adjustment - paid         |                             | 25,000,000            | 40,000,000           | 20,000,000            |
| Minimum pension liability         | <u>                    </u> | <u>(14,738)</u>       | <u>1</u>             | <u>9,274</u>          |
| Net change for the year           | <u>\$ 49,044,334</u>        | <u>\$ (4,182,227)</u> | <u>\$ 3,272,033</u>  | <u>\$ (8,941,603)</u> |
| Capital and surplus, ending       | <u>\$ 61,152,576</u>        | <u>\$ 56,970,349</u>  | <u>\$ 60,242,382</u> | <u>\$ 51,300,779</u>  |

### **EXAMINATION CHANGES IN FINANCIAL STATEMENTS**

Unassigned funds (surplus) in the amount of \$(133,280,987), as reported in the Company's 2023 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

### **COMPLIANCE WITH PREVIOUS RECOMMENDATIONS**

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, Alexis Anderson, AFE, Tyler Goodwater, Mark Haake, and Chloe Schaulis, Financial Examiners; and Gary Evans, CISA, AES, CFE, Information Systems Specialist; all with the Nebraska Department of Insurance, Actuarial Examiners contracted by the Nebraska Department of Insurance, and Financial Examiners contracted by the New York Department of Financial Services; participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

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

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

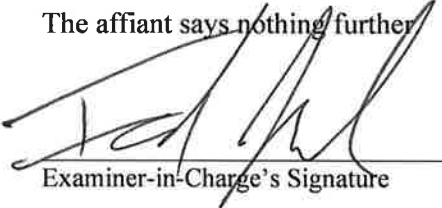
State of Nebraska,

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 American Family Life Assurance Company of Columbus, Continental American Insurance Company and Tier One Insurance Company.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of American Family Life Assurance Company of Columbus, Continental American Insurance Company and Tier One Insurance Company was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

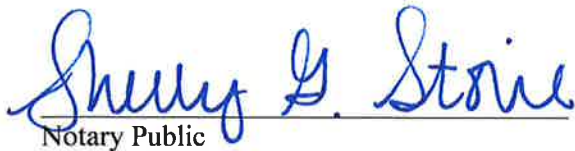
The affiant says nothing further

  
Examiner-in-Charge's Signature

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



(SEAL)

  
Notary Public

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