

MAR 18 2021

FILED

CERTIFICATION

March 18, 2021

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

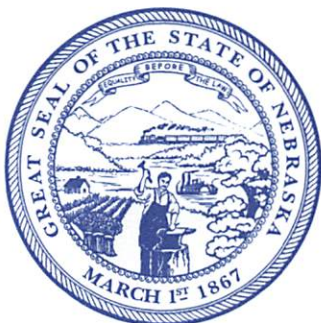
UNITED AMERICAN INSURANCE COMPANY

AS OF

DECEMBER 31, 2019

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

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



Bruce R. Ramage

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

United American Insurance Company

3700 S. Stonebridge Drive

McKinney, TX 75070

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

Dated this 8th day of March 2021.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

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

Justin C. Schrader, CFE
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

UNITED AMERICAN INSURANCE COMPANY

as of

December 31, 2019

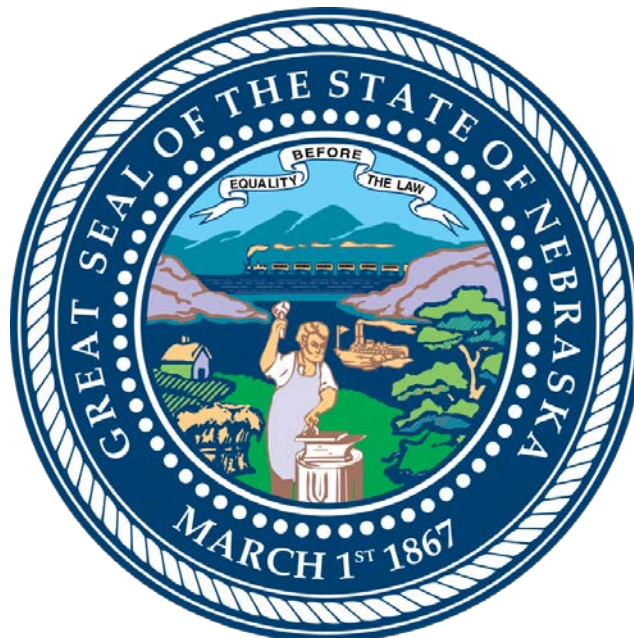


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Lincoln, NE
January 8, 2021

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

Dear Sir:

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

UNITED AMERICAN INSURANCE COMPANY

which has its Statutory Home Office located at

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

with its Principal Executive Office located at

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

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

INTRODUCTION

The Company was last examined as of December 31, 2015, by the State of Nebraska. The current financial condition examination covers the intervening period to, and including the close of business on December 31, 2019, and includes such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska, Indiana, New York, and Ohio, participated in this examination and assisted in the preparation of this report.

The same examination staff conducted concurrent financial condition examinations of the Company's affiliates, American Income Life Insurance Company (American Income), Family Heritage Life Insurance Company of America (Family Heritage), Globe Life and Accident Insurance Company (Globe), Liberty National Life Insurance Company (Liberty National), National Income Life Insurance Company (National Income), and the Company's subsidiary, Globe Life Insurance Company of New York (Globe Life New York).

SCOPE OF EXAMINATION

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

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

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

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

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

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

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

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by Deloitte & Touche LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2019. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

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

DESCRIPTION OF COMPANY

HISTORY

The Company was organized in Texas as a limited capital, stock life, health and accident insurance Company on June 13, 1947.

Torchmark Corporation (Torchmark), a Delaware corporation, formed NU Life Insurance Company of Delaware (NU Life) with an incorporation date of August 14, 1981, as a wholly

owned subsidiary of another Torchmark subsidiary, Globe. NU Life was formed to facilitate the acquisition and re-domestication of the Company from Texas to Delaware. On December 31, 1981, Globe purchased all of the outstanding common stock of the Company.

On February 28, 1982, the Company was merged into NU Life. The name of NU Life was then changed to United American Insurance Company, a Delaware Company.

Torchmark acquired the Company as a direct subsidiary on August 31, 1993. This was accomplished by Globe receiving a \$30,000,000 cash dividend from the Company. Globe then transferred all of the stock of the Company to Torchmark.

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

MANAGEMENT AND CONTROL

Holding Company

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

Globe Life Inc.

American Income Life Insurance Company

American Income Marketing Services, Inc.

National Income Life Insurance Company

AILO 1, LLC

TMK Buildings Corporation

Liberty National Life Insurance Company

Brown-Service Funeral Homes Company, Inc.

Liberty National Auto Club, Inc.

LND 01, LLC

Torchmark Insurance Agency, Inc.
 Globe Life and Accident Insurance Company
 Globe Marketing Services, Inc.
 Family Heritage Life Insurance Company of America
 Royaltan 6001 Ltd. (50% owner)
 Globe Marketing and Advertising Distributors, LLC
 TMK Re, Ltd.
 United American Insurance Company
 Globe Life Insurance Company of New York
 Specialized Advertising Group, Inc.
 Globe Life Insurance Agency, Inc.
 AILIC Receivables Corporation
 TMK Properties LP*

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

Shareholder

Article VI of the Articles of Incorporation states that, “the authorized capital of this Corporation shall be \$5,000,000 consisting of 5,000,000 shares of common stock of the par value of \$1.00 per share.” As of December 31, 2019, the Company has 3,000,000 shares of common stock issued and outstanding resulting in a common capital stock value of \$3,000,000. All of the outstanding shares of the Company are held by the parent, Globe Life Inc., a financial services holding company.

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

<u>Date</u>	<u>Amount</u>
July 9, 2019	\$ 3,345,934
November 14, 2016	25,000,000
October 31, 2016	26,758,552
August 17, 2016	1,641,448
April 4, 2016	8,031,994
March 15, 2016	18,226,006

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

<u>Date</u>	<u>Amount</u>
March 13, 2019	\$13,193,000
July 2, 2018	23,864,579
March 13, 2018	42,445,000
November 15, 2017	17,204,706

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

<u>Date</u>	<u>Amount</u>
July 9, 2019	\$13,792,000
July 2, 2018	21,767,421
November 15, 2017	44,775,294

Board of Directors

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

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

<u>Name and Residence</u>	<u>Principal Occupation</u>
Michael Shane Henrie Plano, TX	Divisional Senior Vice President, Corporate Accounting
Thomas Peter Kalmbach McKinney, TX	Executive Vice President & Chief Actuary, Globe Life, Inc
Michael Clay Majors Dallas, TX	President of the Company
Joel P. Scarborough Frisco, TX	Divisional Senior Vice President, General Counsel and Secretary

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

Article III, Section 6 of the Company's By-Laws states, "regular meetings of the Directors may be held without notice at such places and times as shall be determined from time to time by resolution of the Directors. Special meetings of the Board of Directors may be called by the President, or by the Secretary, upon the written request of any of the following: the Chairman of the Board, the President, or any two (2) Directors, on at least twelve hours' notice to each Director, and shall be held at such place or places as may be determined by the Directors..."

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

Officers

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

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

<u>Name</u>	<u>Office</u>
Michael C. Majors	President
M. Shane Henrie	Treasurer
Joel P. Scarborough	Secretary
Jiangping Han	Actuary

Committees

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

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

Thomas P. Kalmbach	Joel P. Scarborough
M. Shane Henrie	

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

Emily C. Casso	M. Shane Henrie
Thomas, P. Kalmbach	Saumil Patel

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

TRANSACTIONS WITH AFFILIATES

Tax Allocation Agreement

The Company and each of the subsidiaries of Globe Life Inc. are parties to a tax allocation agreement effective January 1, 1989. The agreement allocates the federal income tax

liability in an amount equal to that which would have been reported had separate tax returns been filed.

Master Services Agreement

Effective January 1, 1991, the Company entered into a master service agreement with Globe Life Inc., its parent. Under the terms of this contract, each party agrees to provide each other on request the following services: executive, financial, legal, accounting, and other services. For all services provided by Globe Life Inc., the service fee is a portion of Globe Life Inc.'s total operating expenses for the immediately preceding calendar year determined as a percentage of salary and benefits of the Company to the consolidated salaries and benefits of Globe Life Inc. under the contract. During 2019, the total amount paid under this agreement was approximately \$5,772,000. The agreement includes the investment management arrangement with Globe Life Inc. The Company is charged a fee based on the total value of the securities managed. During 2019, total investment management fees paid to Globe Life Inc. was approximately \$1,284,000.

Bill Payment Services Agreement

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

Recruiting Agreement

Effective March 1, 2006, the Company entered into a recruiting agreement with affiliate Globe, which provides the Company will furnish agent recruiting services to the Company,

Liberty National, and American Income. Each of the respective companies agreed to pay its respective proportionate shares of salary and/or wage expenses incurred by Globe in connection with the providing of such agent recruiting services.

Information Technology Services Agreement

Effective January 1, 2008, the Company entered into an information technology services agreement whereby the Company provides to its affiliate, Liberty National Life, various information technology and data processing services. The services include, but are not limited to: programming, processing, report preparation, data files, check writing, and other technology and data services as mutually agreed upon. These costs are calculated by including, but are not limited to: salaries and benefits for information technology, personnel, hardware, software, licensing, program development, testing, report production and operating overhead calculated by utilizing of policy count.

Naming and Licensing Cost Sharing Agreement

Effective May 1, 2014 the Company and its affiliates Liberty National, Globe, American Income, and Family Heritage, along with their ultimate parent Globe Life Inc., entered into a cost-sharing agreement related to a Naming and License Agreement dated January 29, 2014. This Naming and License Agreement was entered into by Globe Life Inc., Globe, and the Rangers Baseball LLC, owner and operator of the Texas Rangers Baseball Club of MLB. In recognition of the benefits of the subsidiaries and the parent resulting from the Naming Rights Agreement, the companies are sharing in and allocating the costs (approximately \$46 Million over 10 years, with additional costs related to signage and the stadium suite) of the agreement amongst the participating affiliates. In general these allocations are as follows: 67.4% to Globe, 6.6% to Globe Life Inc., and the remaining 26% shared equally amongst the remaining affiliates.

Cost allocations shall be made monthly and billed to the applicable subsidiary within 15 days of the end of each calendar month, and remitted to Globe Life Inc. within 5 days of receipt of the invoice.

General Services Agreements

Effective August 1, 2000, the Company entered into an agreement with affiliate Globe Life New York. The agreement applies to the provision of underwriting, claims, and administrative support services for Medicare Supplement and other health insurance policies, to life insurance and military business policies sold by the Globe Life New York agency force.

Effective January 1, 2011, the Company entered into a service agreement with affiliates American Income, Liberty National, and Globe. Under the terms of this agreement, these affiliates, all being subsidiaries of Globe Life Inc., incur various costs which benefit not only the purchaser, but all of the affiliates. The agreement outlines terms by which these affiliates, who desire to establish ongoing terms for the provision of such services and allocation of costs, share costs amongst the service providers and service beneficiaries. These services include: underwriting, marketing, travel, sales support, quality assurance, agent supplies, information technology agency support, telecommunications, compliance, actuarial, and such additional services as the affiliates from time to time shall mutually agree. Effective January 1, 2015, affiliate Family Heritage was added via amendment to the agreement. This agreement was additionally amended on January 1, 2017, to add certain services.

Effective January 29, 2013, the Company entered to an agreement with affiliates Liberty National, Globe, and Specialized Advertising Group, Inc. (SAG), related to the sharing of salary expense, employee benefit costs, and costs of goods and services provided by independent third parties which benefit all the affiliates to varying degrees. According to the agreement, each

participating affiliates can either be a service provider or a service beneficiary related to accounting, financial reporting, website development, database administration, creative advertisement development, media buying and advertisement placement, vendor management, marketing campaign analysis, lead sales, legal and human resources, and any other mutually agreed upon services.

Affiliate Loans

On September 11, 2019, the Company borrowed \$25,000,000 from its parent, Globe Life Inc. The loan was payable on March 11, 2020 at a simple interest rate of 5.25%. In addition, the Company borrowed money from Globe Life Inc. affiliate, American Income, on September 24th and December 24th in the amounts of \$10,000,000 and \$5,000,000, at interest rates of 5.25% and 4.75%, respectively. These loans were payable on March 24, and June 23, 2020. Globe Life Inc. affiliates borrow money within the holding company periodically throughout the year to meet cash flow needs which arise as a result of various investment opportunities and cash flow needs.

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in all states, with the exception of New York.

The Company writes ordinary life, individual annuities, and accident and health business. The accident and health business is principally Medicare Supplement, long-term care business, and limited-benefit supplemental health coverage to people under age 65. The Medicare Supplement business constitutes the largest percentage of direct health premium writings and almost more than half of the Company's direct written premium. The Company competes with other insurance carriers through policyholder service, price, product, design, and sales efforts. As

of the examination date, the Company is marketing its products nationwide through 36,468 appointed independent agents and direct response.

REINSURANCE

Assumed

Effective July 1, 2013, the Company entered into a modified coinsurance reinsurance agreement with affiliate American Income. According to the terms of the agreement, the Company is assuming from American Income a 90% quota share of 2013 calendar year issued life insurance policies, including riders, supplemental benefits, and interim coverage if any (but excluding accidental death benefit policies) issued by American Income in all states excluding New York on or after the effective date, through December 31, 2013.

Ceded

Effective July 1, 2017, the Company entered into a 50% coinsurance reinsurance agreement whereby the Company cedes to Liberty National 50% of annuity policies issued by the Company either in force as of July 1, 2017, or issued subsequent.

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

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

The remainder of ceded reserves, which are for long term care business, are ceded to a non-affiliate which is currently in runoff.

General

All contracts reviewed contained standard insolvency, arbitration, errors and omissions, and termination clauses where applicable. All contracts contained the clauses necessary to assure reinsurance credits could be taken.

BODY OF REPORT

GROWTH

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$1,111,688,201	\$484,803,008	\$490,606,015	\$505,833,935
Admitted assets	1,563,266,556	766,690,928	743,262,139	707,602,983
Aggregate reserves for life contracts	174,556,087	170,018,045	165,395,159	160,451,130
Aggregate reserves for accident and health contracts	211,608,018	211,348,032	191,041,519	192,539,499
Total liabilities	1,405,561,850	604,656,643	584,939,216	559,771,925
Capital and surplus	157,704,706	162,034,285	158,322,923	147,831,058
Premium income	706,019,333	481,428,698	488,490,164	515,053,697
Net investment income	65,286,408	53,895,717	31,675,745	29,983,790
Death benefits	21,874,115	22,662,817	20,316,490	19,360,981
Disability benefits	490,080,008	312,062,223	322,209,128	364,930,908
Net income	37,060,535	88,094,886	30,406,529	5,374,870
Life insurance in-force (000s)	2,473,859	2,249,018	2,065,574	1,930,854

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the State of Nebraska Department of Insurance and present the financial condition of the Company for the period ending December 31, 2019. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported

in the annual statements and should be considered an integral part of the financial statements. A reconciliation of the capital and surplus account for the period under review is also included.

FINANCIAL STATEMENT
December 31, 2019

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$505,833,935		\$505,833,935
Preferred stocks	20,000,000		20,000,000
Common stocks	41,758,701		41,758,701
Cash & cash equivalents	2,324,707		\$2,324,707
Contract loans	6,892,387		6,892,387
Other invested assets	<u>40,117,738</u>		<u>40,117,738</u>
Subtotal, cash and invested assets	\$616,927,468		\$616,927,468
Investment income due and accrued	8,294,777		8,294,777
Uncollected premiums and agents' balances	14,154,958	\$ 84,071	14,070,887
Deferred premiums and agents' balances	3,473,314		3,473,314
Amounts recoverable from reinsurers	19,653,834		19,653,834
Other amounts receivable under reinsurance contracts	261,362		261,362
Guaranty funds receivable or on deposit	4,723,283		4,723,283
Electronic data processing equipment and software	12,924,753	8,960,279	3,964,474
Furniture and equipment	1,371,838	1,371,838	
Receivables from parent, subsidiaries, and affiliates	73,545		73,545
Health care and other amounts receivable	20,939,994	20,939,994	
Cash surrender value – company owned life insurance	28,263,105		28,263,105
Agency deferred compensation plan assets	7,896,934		7,896,934
Other prepaid contracts	5,258,385	5,258,385	
Utility deposits and memberships	<u>171,000</u>	<u>171,000</u>	<u> </u>
Totals	<u>\$744,388,550</u>	<u>\$36,785,567</u>	<u>\$707,602,983</u>

Liabilities, Surplus, and Other Funds

Aggregate reserve for life contracts	\$160,451,130
Aggregate reserve for accident and health contracts	192,539,499
Liability for deposit-type contracts	576,421
Life contract claims	5,676,663
Accident and health contract claims	72,152,000
Premiums and annuity considerations received in advance	5,963,106
Other amounts payable on reinsurance	5,154,709
Interest maintenance reserve	25,655,516
Commissions to agents due or accrued	4,560,641
Commissions and expense allowances payable reinsurance assumed	1,428,626
General expense due or accrued	1,426,000
Taxes, licenses and fees due or accrued	1,896,582
Current federal and foreign income taxes	818,601
Net deferred tax liability	593,000
Unearned investment income	75,000
Amounts withheld or retained by reporting entity as agent or trustee	3,788,311
Amounts held for agents' account	985,482
Remittances and items not allocated	3,783,601
Net adjustment in assets and liabilities due to foreign exchange rates	190,985
Liability for benefits for employees and agents	24,623,998
Borrowed money and interest thereon	40,547,118
Asset valuation reserve	4,706,958
Payable to parent, subsidiaries and affiliates	1,855,198
Payable for securities	271,425
Nursing home adjustments	<u>51,355</u>
Total liabilities	<u>\$559,771,925</u>
Common capital stock	\$ 3,000,000
Gross paid in and contributed surplus	102,165,285
Unassigned funds	<u>42,665,773</u>
Total capital and surplus	<u>\$147,831,058</u>
Totals	<u>\$707,602,983</u>

SUMMARY OF OPERATIONS – 2019

Premiums and annuity considerations	\$515,053,697
Net investment income	29,983,790
Amortization of interest maintenance reserve	1,247,446
Commissions and expense allowances on reinsurance ceded	1,041,758
Non-insurance service fees	1,378,197
IBT Part D administrative income	630,002
Nursing home business	53,750
Other	<u>3,565</u>
Totals	\$549,392,205
Death benefits	\$ 19,360,981
Matured endowments	83,300
Disability benefits and benefits under accident and health contracts	364,930,908
Surrender benefits and withdrawals for life contracts	3,370,844
Interest and adjustments on contract	32,661
Increase in aggregate reserves	<u>(3,446,050)</u>
Totals	\$384,332,644
Commissions on premiums	\$ 62,227,045
Commissions and expense allowances on reinsurance assumed	5,867,456
General insurance expenses	73,697,341
Insurance taxes, licenses and fees	10,214,513
Increase in loading on deferred and uncollected premiums	(279,735)
Modco reserve adjustment	<u>5,829,982</u>
Totals	\$541,889,246
Net gain from operations before dividends, federal income taxes and net realized capital gains	\$ 7,502,959
Federal income taxes incurred	340,479
Net realized capital losses	<u>(1,787,610)</u>
Net income	<u>\$ 5,374,870</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Capital and surplus, beginning	\$192,658,546	\$157,704,706	\$162,034,285	\$158,322,923
Net income	\$ 37,060,535	\$ 88,094,886	\$ 30,406,529	\$ 5,374,870
Change in net unrealized capital gains	3,393,141	(8,710,899)	(1,037,078)	12,503,517
Change in net unrealized foreign exchange capital gain	172,462	93,302	(630,240)	370,443
Change in net deferred income tax	(9,463,000)	(31,517,000)	(1,443,000)	2,116,000
Change in nonadmitted assets	16,989,309	7,833,183	(8,161,582)	(426,535)
Change in reserve on account of change in valuation basis (increase) or decrease			18,180,978	
Change in asset valuation reserve	(3,155,590)	10,405,657	1,308,900	(597,372)
Surplus paid in		(44,775,294)	23,232,579	(13,792,000)
Dividends to stockholders	(79,658,000)	(17,204,706)	(66,309,579)	(16,538,934)
Change in Executive Benefit Plans	(292,697)	110,449	741,131	498,146
Net change for the year	\$ (34,953,840)	\$ 4,329,578	\$ (3,711,362)	\$ (10,491,865)
Capital and surplus, ending	\$157,704,706	\$162,034,285	\$158,322,923	\$147,831,058

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$42,665,773, as reported in the Company's 2019 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

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

COMMENTARY ON CURRENT EXAMINATION FINDINGS

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

SUMMARY OF COMMENTS AND RECOMMENDATIONS

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

ACKNOWLEDGMENT

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

In addition to the undersigned, Santosh Ghimire, CFE, Michael Sullivan, CFE, Financial Examiners; Gary Evans, CFE, CISA, AES, Information Systems Specialist; and Rhonda Ahrens, FSA, and Derek Wallman ASA, Actuarial Examiners; all with the Nebraska Department of Insurance and the Financial Examiners and Information Systems Specialists with or contracted by the Indiana Department of Insurance, New York Department of Financial Services, and Ohio Department of Insurance; participated in this examination and assisted in the preparation of this report.

Respectfully submitted,



Tadd K. Wegner, CFE
Supervisory Examiner
Department of Insurance
State of Nebraska

State of Nebraska,

County of Lancaster,

Tadd K. Wegner, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of the Nebraska domiciled companies of the Globe Life Inc. Group, Globe Life and Accident Insurance Company, Liberty National Life Insurance Company, and United American Insurance Company.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Globe Life and Accident Insurance Company, Liberty National Life Insurance Company, and United American Insurance Company was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

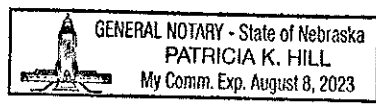
The affiant says nothing further.

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

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

(SEAL)

Patricia K. Hill
 Notary Public



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