

JUN 03 2024

CERTIFICATION

FILED

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

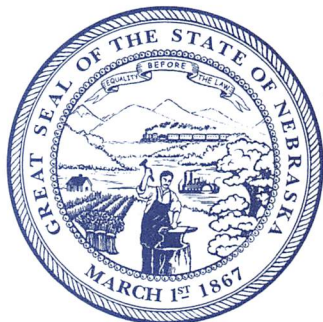
UNITED WORLD LIFE INSURANCE COMPANY

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

UNITED WORLD LIFE 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 31st 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

UNITED WORLD LIFE INSURANCE COMPANY

as of

December 31, 2022

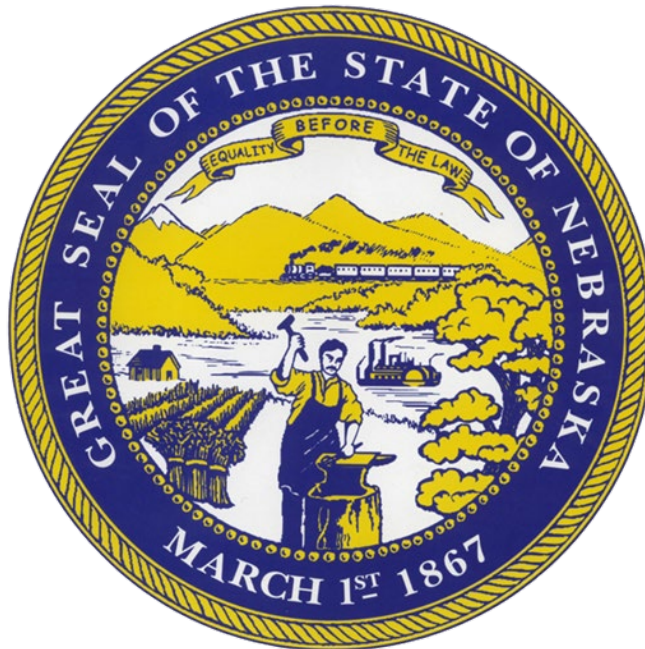


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Omaha, Nebraska
April 15, 2024

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:

**UNITED WORLD LIFE 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 parent, Mutual of Omaha Insurance Company (Mutual), and its subsidiaries, Companion Life Insurance Company (CLIC), Medicare Advantage Insurance Company of Omaha, Mutual of Omaha Medicare Advantage Company, Omaha Health Insurance Company,

Omaha Insurance Company (OIC), Omaha Reinsurance Company (ORC), Omaha Supplemental Insurance Company (OSIC), and United Omaha Life Insurance Company (United).

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 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. 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 originally incorporated in the State of Illinois and commenced business as an insurer in 1970 under the name of Field Enterprises Educational Insurance Company. On June 1, 1970, the Company was merged with the World Book Educational Insurance Company (World Book), a Texas corporation, with the surviving company being World Book and remaining an Illinois insurance entity. Pursuant to Section 166(3) of the Illinois Insurance Code, the Company assumed the age of World Book that was incorporated and licensed in 1954. In 1973, the Company changed its name to World Book Life Insurance Company.

On April 27, 1983, United, a wholly-owned subsidiary of Mutual, purchased 100% of the outstanding stock of the Company and changed its name to United World Insurance Company. On

October 1, 1984, the Company effected another name change to United World Life Insurance Company, its present form.

The Company's state of domicile was changed from Illinois to Nebraska on February 1, 1990.

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

Shareholder

Article VI of the Company’s Articles of Incorporation states that, “the Corporation’s authorized capital shall be three million two hundred twenty thousand dollars (\$3,220,000). The number of the Corporation’s authorized common shares shall be 280,000, with a par value of \$11.50 per share.” On December 31, 2022, Company records indicated that 220,000 shares were issued and outstanding, which were all owned by United.

Article I, Section 1 of the Company’s By-Laws states that, “the Stockholders shall meet annually in the month of March of each year at the home office of the Corporation or at such other time, date or place as may be designated by the Board of Directors.”

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 nor more than fifteen Directors. Not less than one of the Directors shall be a resident of Nebraska, but the remainder of the Directors need not be residents of Nebraska. The Board of Directors shall be elected at the annual meeting of the Stockholders by a majority vote of the stock represented in person or by proxy at the meeting for a term of one year each.”

The following persons were serving as Directors on December 31, 2022:

<u>Name and Residence</u>	<u>Principal Occupation</u>
T. Scott Ault Eatonton, Georgia	Executive Vice President, Mutual of Omaha Insurance Company
James T. Blackledge Elkhorn, Nebraska	Chief Executive Officer, Mutual of Omaha Insurance Company
Bradley N. Buechler Omaha, Nebraska	Executive Vice President, Mutual of Omaha Insurance Company
Lance D. Grigsby Omaha, Nebraska	Senior Vice President and Corporate Chief Actuary, Mutual of Omaha Insurance Company
Stacy A. Scholtz Omaha, Nebraska	Executive Vice President, Mutual of Omaha Insurance Company

Officers

Article IV, Section 1 of the Company’s By-Laws states that, “the Officers of this Corporation shall consist of a Chairman of the Board of Directors, President, one or more Vice Presidents, Secretary, Treasurer, and such additional Officers with such functions and titles as may be authorized by the Board of Directors.”

The following is a partial listing of Senior Officers elected and serving the Company on December 31, 2022:

<u>Name</u>	<u>Office</u>
James T. Blackledge	President
Jay A. Vankat	Corporate Secretary
Scott L. Herchenbach	Treasurer

TRANSACTIONS WITH AFFILIATES

Intercompany Services Agreement

Effective August 1, 2020, the Company and certain of its affiliates entered into an intercompany services agreement. The parties to the agreement include the ultimate parent,

Mutual, 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., OIC, ORC, OSIC, Turner Park North, LLC, UM Holdings, LLC., and United. 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 Credit Notes

Effective March 25, 2022, the Company entered into a revolving credit note with Mutual. This note provides that the Company may borrow up to an aggregate principal sum of \$20,000,000 from Mutual. As of December 31, 2022, the Company had outstanding borrowings under this agreement of \$9,900,000.

Effective March 25, 2022, the Company entered into a revolving credit note that allows the Company to lend up to \$20,000,000 to Mutual. The interest rate for borrowings under this agreement in 2022 was from 0.19% to 4.43%. There were not outstanding borrowings under this agreement as of December 31, 2022.

TERRITORY AND PLAN OF OPERATION

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

The Company sells Medicare supplement insurance and utilizes multiple distribution channels including Mutual's captive agency system, independent brokers, and direct-to-consumer. The Company reinsures 100% of this business to Mutual under a quota share reinsurance agreement. In addition, the Company has an in-force block of ordinary life insurance and is not actively selling any new life business.

REINSURANCE

Ceded - Affiliate

Effective January 1, 1984, the Company entered a reinsurance agreement with its ultimate parent, Mutual. The Company cedes 100% of all individual and group health and accident business.

This agreement contains appropriate insolvency and intermediary clauses, as well as a proper termination provision.

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	\$124,741,748	\$122,399,941	\$132,767,338	\$128,245,348
Admitted assets	147,255,898	154,264,752	160,278,530	146,176,734
Aggregate life reserves	51,440,221	51,465,954	51,352,926	51,221,766
Total liabilities	101,190,780	100,454,844	100,771,358	87,637,204
Capital and surplus	46,065,117	53,809,908	59,507,172	58,539,530
Premium income	1,095,001	1,020,001	940,171	865,006
Net investment income	4,385,935	4,547,275	4,199,920	4,344,001
Death benefits	950,001	1,110,509	1,008,780	1,149,551
Net income	1,357,289	2,813,980	2,650,517	2,396,203

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

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$128,245,348		\$128,245,348
Preferred stocks	325,400		325,400
Cash and cash equivalents	(676,057)		(676,057)
Contract loans	524,518		524,518
Receivables for securities	296		296
Securities lending reinvested collateral	<u>2,584,203</u>		<u>2,584,203</u>
Subtotal, cash and invested assets	\$131,003,708		\$131,003,708
Investment income due and accrued	683,249		683,249
Uncollected premiums	(64,858,540)		(64,858,540)
Deferred premiums	194,388		194,388
Amounts recoverable from reinsurers	54,541,953		54,541,953
Other amounts receivable under reinsurance	14,259,044		14,259,044
Net deferred tax asset	3,321,705	\$ 573,086	2,748,619
Guaranty funds receivable	3,276,219		3,276,219
Receivables from parent and affiliates	85,790		85,790
Health care	155,851	155,851	
Suspense items	<u>14,964,138</u>	<u>10,721,835</u>	<u>4,242,304</u>
Total assets	<u>\$157,627,506</u>	<u>\$11,450,772</u>	<u>\$146,176,734</u>

Liabilities, Surplus, and Other Funds

Aggregate reserve for life contracts	\$ 51,221,766
Liability for deposit-type contracts	80,679
Life contract claims	151,974
Premiums received in advance	17,443
Interest maintenance reserve	650,554
Commissions to agents	171,272
General expenses	999,580
Taxes, licenses and fees	3,866,830
Current federal income taxes	186,154
Unearned investment income	6,682
Amounts withheld as agent or trustee	622
Amounts held for agents' account	1,994,014
Remittances and items not allocated	156,583
Borrowed money and interest thereon	9,900,000
Asset valuation reserve	624,544
Payable to parent and affiliates	13,313,091
Drafts outstanding	157,360
Payable for securities lending	2,584,203
Miscellaneous liabilities	<u>1,553,854</u>
 Total liabilities	 \$ 87,637,204
 Common capital stock	 2,530,000
Gross paid in and contributed surplus	30,526,994
Unassigned funds (surplus)	<u>25,482,536</u>
 Total capital and surplus	 <u>\$ 58,539,530</u>
 Total liabilities, capital, and surplus	 <u>\$146,176,734</u>

SUMMARY OF OPERATIONS – 2022

Premiums and annuity considerations for life contracts	\$ 865,006
Net investment income	4,344,001
Amortization of interest maintenance reserve	292,997
Commissions and expense allowances on reinsurance ceded	148,046,955
Other miscellaneous income	<u>27,073</u>
 Total income	 <u>\$153,576,033</u>
 Death benefits	 1,149,551
Annuity benefits	34,965
Surrender benefits and withdrawals	688,214
Interest and adjustments on contract or deposit-type contract funds	70,294
Increase in aggregate reserves for life and accident and health contracts	<u>(131,160)</u>
 Total benefits	 \$ 1,811,864
 Commissions and expense allowances on reinsurance assumed	 95,380,825
General insurance expenses	39,175,272
Insurance taxes, licenses and fees	14,151,618
Increase in loading on deferred and uncollected premiums	(4,917)
Other deductions	<u>15,303</u>
 Total benefits and expenses	 <u>\$150,529,964</u>
 Net gain from operations before federal income taxes	 \$ 3,046,069
Federal income taxes incurred	649,760
Capital gains tax	<u>(106)</u>
 Net income	 <u>\$ 2,396,203</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Capital and surplus, beginning	\$44,554,598	\$46,065,117	\$53,809,908	\$59,507,172
Net income	\$ 1,357,289	\$ 2,813,980	\$ 2,650,517	\$ 2,396,203
Change in unrealized capital gains			4,086	(142,020)
Change in deferred income tax	219,345	(1,731,270)	(813,151)	846,651
Change in nonadmitted assets	(29,423)	6,716,773	3,904,447	(4,094,176)
Change in asset valuation reserve	(36,691)	(54,692)	(48,635)	25,700
Net change for the year	<u>\$ 1,510,519</u>	<u>\$ 7,744,791</u>	<u>\$ 5,697,263</u>	<u>\$ (967,641)</u>
Capital and surplus, ending	<u>\$46,065,117</u>	<u>\$53,809,908</u>	<u>\$59,507,172</u>	<u>\$58,539,530</u>

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$25,482,536, 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,



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 15th day of APRIL, 2024.

(SEAL) 



Notary Public

My commission expires Jan 16, 2028 [date].