STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

JUN 10 2020

FILED

CERTIFICATION

June 10, 2020

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

UNITED OF OMAHA LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2018

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

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

GREAT SEAL OF THE STATE OF NEBRASKA
MARCH 1ST 1867

Bruce R. Ramge

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

United of Omaha Life Insurance Company

Mutual of Omaha Plaza

Omaha, NEBRASKA 68175

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

Dated this 29th day of May 2020.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

Justin C. Schrader, CFE
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

UNITED OF OMAHA LIFE INSURANCE COMPANY

as of

December 31, 2018

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Omaha, Nebraska
April 3,2020

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

Dear Sir:

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

UNITED OF OMAHA LIFE INSURANCE COMPANY
Mutual of Omaha Plaza
Omaha, Nebraska 68175

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

INTRODUCTION

The Company was last examined as of December 31, 2014, by the State of Nebraska. The current financial condition examination covers the intervening period to, and including, the close of business on December 31, 2018, and includes such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska and New York participated in this examination and assisted in the preparation of this report.

The same examination staff conducted concurrent financial condition examinations of the Company's ultimate parent, Mutual of Omaha Insurance Company (Mutual of Omaha), and its subsidiaries, Omaha Reinsurance Company, United World Life Insurance Company, Companion Life Insurance Company, Omaha Insurance Company, Omaha Health Insurance Company, Mutual of Omaha Medicare Advantage Company, and Medicare Advantage Insurance Company of Omaha.

SCOPE OF EXAMINATION

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

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

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

A general review was made of the Company’s operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company’s history was traced and has been set out in this report under the caption “Description of Company”. All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the 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 plans. Certificates of Authority to conduct the business of insurance in the various states were inspected and a survey was made of the Company’s general plan of operation.

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

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

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by Deloitte &

Touche, LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2017 and 2018. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

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

DESCRIPTION OF COMPANY

HISTORY

The Company was incorporated under the laws of the State of Nebraska as a capital stock life insurance company in August 1926, and commenced business in November 1926. The Articles of Incorporation provide that the Company shall have perpetual existence.

On December 16, 1981, the Articles of Incorporation were amended, changing the Company's name from United Benefit Life Insurance Company to its present form.

The Company's current Certificate of Authority authorizes it to write Life, Variable Life Insurance, Variable Annuities and Sickness and Accident Insurance in the State of Nebraska pursuant to Nebraska Revised Statutes Section 44-201.

MANAGEMENT AND CONTROL

Holding Company

The Company is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing flowing from the "Ultimate Controlling Person", as reported in the 2018 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

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

<u>Shareholder</u>

Article III, Section II of the Company's Articles of Incorporation states that, "the capital stock of the Company shall be Nine Million Dollars ($9,000,000), divided into Nine Hundred Thousand (900,000) shares of the par value of Ten Dollars ($10.00) each". At December 31, 2018, Company records indicated that 900,000 shares were issued and outstanding, which were all owned by Mutual of Omaha.

Article I, Section 1 of the Company's By-Laws states that, "the Stockholders shall meet annually during the month of March on a date and at a time and place to be determined 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 and not more than twelve Directors, one of which shall be the Chief Executive Officer of the Corporation. Not less than one of the Directors shall be a resident of Nebraska." The Board of Directors shall be elected at the annual meeting of the Stockholders.

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

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

Directors are elected for one-year terms and as of December 31, 2018 receive an annual retainer fee of $95,000. Non-employee committee members receive annual retainer fees as follows:

Title	**Amount**
Audit Chair	$15,000
Audit members	7,500
Compensation and Evaluation Chair	10,000

Title	**Amount**
Compensation Evaluation members	5,000
All other Committee Chairs	7,500
All other Committee Members	3,750

In addition, the Lead Independent Director also receives an additional retainer of $15,000. The current non-employee Board Chair shall be paid an additional annual retainer of $89,000.

All non-employee Directors are reimbursed for expenses incurred while attending meetings. Directors who are employees do not receive any fees.

Officers

Article IV, Section I of the Company's Articles of Incorporation states that, "the Officers of the Corporation shall consist of a Chief Executive Officer and such other Officers with such functions and titles as may be authorized by resolution of the Board of Directors."

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

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

Committees

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

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

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

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

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

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

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

Gary Gates, Chair	Rodrigo López
Derek McClain	

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

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

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

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

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

Daniel P. Neary, Chair	James T. Blackledge
W. Gary Gates	Paula R. Meyer

TRANSACTIONS WITH AFFILIATES

Intercompany Services Agreement

The Company's parent, Mutual of Omaha, and certain of its direct and indirect subsidiaries, including the Company, share certain resources such as personnel, operational and administrative services, facilities, information and communication services, employee benefit administration, investment management, advertising and general management services. Most of the expenses related to these resources were paid by Mutual of Omaha and subject to allocation among Mutual of Omaha and its subsidiaries.

Regular operating expenses of the companies are paid through the Accounts Payable and Expense Accounting Department of Mutual of Omaha. In general, these expenses are processed through an electronic allocation system maintained by the Budget and Expense Management Department. This system, through the use of department ID's, allocates operating expenses based on cost drivers such as number of employees, square footage utilized, number of transactions processed, etc., to redistribute operating expenses to product lines within each of the companies receiving the services.

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

Capital Contributions

Capital contributions were made to the following subsidiaries since the last financial examination:

	2015	2016	2017	2018
Companion Life Insurance Co.	$15,000,000	$ 5,000,000	$27,000,000	
Omaha Reinsurance Company		5,000,000	5,000,000	$16,000,000
UM Holdings LLC	221,468			
Medicare Advantage Insurance Company of Omaha (fka Omaha Life Insurance Company)	1,000,000			8,000,000
	$16,221,468	$10,000,000	$32,000,000	$24,000,000

Return of Capital

The following return of capital payments were made to the Company since the last financial examination:

	2015	2016	2017	2018
Fulcrum Growth Partners III, LLC	$6,581,196	$ 4,593,603	$ 1,102,725	
UM Holdings LLC	481,468			$171,315
Omaha Life Insurance Company	1,000,000			
Omaha Reinsurance Co.		24,000,000	139,305,068	
	$8,062,664	$28,593,603	$140,407,793	$171,315

Dividends

The Company received the following dividends during the examination period:

	2015	2016	2017	2018
Fulcrum Growth Partners III, LLC	$90,655,289	$6,172,752	$1,266,488	$5,739,659
Fulcrum Growth Partners I, LLC	36,379,783			
	$127,035,072	$6,172,752	$1,266,488	$5,739,659

The Company paid a $96,893,320 dividend in 2016 to Mutual of Omaha.

Revolving Lines of Credit

The Company entered into revolving credit lending agreements with Mutual of Omaha that allows the Company to borrow up to $250,000,000. There is also a revolving credit borrowing agreement that allows the Company to lend up to $500,000,000 to Mutual of Omaha. The interest rate for borrowing under these agreements in 2018 was from 1.5% to 2.43%. Mutual of Omaha had $88,000,000 due to the Company as of December 31, 2018 per their revolving credit borrowing agreements. Each of these lending agreements renew annually for a one-year term.

Tax Allocation Agreement

A consolidated federal income tax return is filed for Mutual of Omaha 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 net operating losses and capital losses allowed only as each company would utilize such losses on a separate return basis with limited exceptions.

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, and the District of Columbia, Guam, Puerto Rico, the U.S. Virgin Islands and the British Virgin Islands.

The Company offers a diversified portfolio of individual and group life and annuity products, guaranteed interest contracts, individual Medicare Supplement and long-term care, and group accident and health products.

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

In 2008, the Company began selling Medicare Supplement insurance. The Medicare Supplement business is sold through Agency, Brokerage, and DTC.

The Company's group operation markets both employer-sponsored and voluntary products, including dental, life, accidental death and dismemberment, accident, critical illness, and disability, through 20 local sales and service offices and thirteen satellite offices, as well as through company agents and insurance brokers. Group benefit payments are generally handled in the home office with the exception of dental claims administered by a third party.

The Company's Retirement Plans Division offers a complete line of guaranteed investment, stable value wrap agreements, and group annuity products for qualified retirement plans. In addition, the Company offers a product in the 401(k) market with a flexible product portfolio targeted to smaller businesses, funding agreements targeted to the institutional markets, and third- party mutual fund distribution.

The Company and its parent, Mutual of Omaha, generally use the same division offices and personnel, agencies and brokers.

REINSURANCE

Assumed – Affiliates

The Company has several longstanding assuming contracts with its subsidiary, Companion Life Insurance Company (Companion). The Company assumes all individual life and accidental death benefit that is written in excess of $100,000 up to the Company's retention.

Assumed – Non-Affiliates

The Company assumes direct and retroceded life insurance risks on closed blocks of automatic and facultative-obligatory yearly renewable term (YRT) and coinsurance agreements, not exceeding its retention from various carriers/reinsurers.

Ceded – Affiliates

Effective April 1, 2010, the Company entered into a reinsurance agreement with its subsidiary, Omaha Reinsurance Company, under which it cedes all reserves for certain level premium term life insurance policies and riders issued between January 1, 2003 and September 30, 2009. This Contract was amended in 2012 to allow for additional reinsurance of certain level premium term life insurance policies, and the replacement of a third- party letter of credit agreement with a parental guarantee from Mutual of Omaha. The Contract was amended again, effective April 1, 2014 to allow for the additional reinsurance of certain level premium term life policies issued between July 1, 2012 and September 30, 2013 and universal life insurance policies issued between January 1, 2003 and September 30, 2013. The Contract was amended October 1, 2016 and October 1, 2017 to include additional blocks of business.

Under the terms of a reinsurance agreement effective July 1, 2007, as amended June 1, 2009, the Company agreed to cede 100% of the individual long- term care business issued on or after July 1, 2007, to its parent, Mutual of Omaha.

Effective July 1, 2007, the Company cedes 100% of business in excess of $6,000 to a maximum of $25,000 gross monthly benefit to Munich Reinsurance America, Inc. Amounts over $25,000 are retained. Effective July 1, 2017, the Company cedes 100% of business in excess of $7,500 to a maximum of $19,000 gross monthly benefit to Munich Reinsurance America, Inc. Amounts over $19,000 are retained.

Under the terms of a reinsurance agreement effective January 1, 2013, the Company agreed to cede 100% of all Medicare Supplement business issued on or after the effective date to its parent, Mutual of Omaha.

Ceded – Non-Affiliates

The Company has several automatic and/or facultative agreements in effect with several reinsurers on an YRT or Coinsurance basis.

In August 1998, the Company reinsured all level term products with face amounts greater than $250,000 in a 65% quota share coinsurance pool. The pool included the following reinsurers: Allianz Life Insurance Company, Employers Reassurance Corporation, Cologne Reinsurance Company, Security Life of Denver Insurance Company, and Lincoln National Life Insurance Company. Pool reinsurers in later time periods also included Canada Life Assurance Company (Canada Life), Munich American Reassurance Company (Munich), Reinsurance Group of America (RGA), Gerling Global, Swiss Re Life & Health America (Swiss Re), and Scottish Re. Minimum face amounts eligible for the pool as well as percentages retained and ceded were amended over time. The Company retains 100% of disability waiver of premium and accidental death benefit coverage. The coinsurance pool was terminated for new business on October 16, 2005.

Effective December 31, 2003, the Company ceded its variable life and variable annuity business to Security Benefit Life Insurance Company (Security Benefit) on a combination of indemnity reinsurance, coinsurance, and a modified coinsurance basis. The indemnity reinsurance covers 100% of policy liabilities; the 100% coinsurance covers general account reserves; and the 100% modified coinsurance covers policy account amounts. The agreement also provided for a transfer of assets from the Company to Security Benefit. Included assets were: policy loans, premiums due, premiums deferred and uncollected and premium adjustments. Any and all amounts, payments or consideration are included within the cash transferred pursuant to the agreement. The agreement established a security trust to which Security Benefit agrees to deposit an amount not less than, or transfer assets whose market value is not less than, the general account reserves reinsured on a coinsurance basis, less adjustments to general account reserves and less the amount of outstanding policy loans. Along with the reinsurance agreement, Security Benefit administers the business reinsured and collects a monthly per policy fee from the Company for each policy in force that month.

Effective November 1, 2004, the Company entered into a YRT excess agreement with Generali USA Life Reassurance Company (Generali) such that retained risks of Priority Term plans in the quota share coinsurance pool in excess of the Company's retention ($750,000, graded) were ceded on a YRT basis in Generali. This agreement was terminated for new business on October 16, 2005. The Company retains 100% of disability waiver of premium and accidental death benefit coverage.

Effective October 17, 2005, the Company reinsured all Priority Term plans with a yearly renewable term excess of loss reinsurance pool. The reinsurance pool members were: Canada Life, Generali, Swiss Re, and Scottish Re. The Company's retention limit of $750,000 downgrades by age and risk. The Company retains 100% of disability waiver of premium and accidental death benefit coverage. The pool terminated to new business effective September 30, 2006.

Effective March 22, 2006, the Company reinsured certain Limited Underwritten Term plans with Transamerica Life Insurance Company (Transamerica) in a 90% quota share coinsurance agreement. The Company retains 10% of the face amount of each policy and cedes the remaining 90% to Transamerica. Policies must have a face greater than $50,000 to be ceded.

Effective October 1, 2006, all fully underwritten individual life policies in excess of the Company's retention were reinsured with Canada Life, Generali, Hannover Life Reassurance

Company of America (Hannover), and Swiss Re. The Company's retention was increased from $750,000 to $1,500,000 on an individual life with applicable downgrades, effective October 1, 2006. All fully underwritten individual life policies are covered in the reinsurance pool. The Company retains 100% of disability waiver of premium and accidental death benefit coverage.

Effective March 1, 2008, the Company reinsured all Term Life Express plans in a yearly renewable term, 50% quota share pool with the following reinsurers: Generali and Swiss Re. Generali assumes 40% and Swiss Re assumes 60% of the 50% quota share pool. The liability of the pool with respect to its 50% share of claims shall begin simultaneously with that of the Company. Effective February 1, 2013, the pool shares were changed to Swiss Re 15%, Hannover 25% and Munich 20%. Effective December 1, 2017 the pool share was changed to Swiss Re 15% and Munich 20%.

Effective January 1, 2009, the Company reinsured all fully underwritten individual Universal Life and Level Term plans in a yearly renewable term, excess of loss pool with the following reinsurers: Generali, RGA, Swiss Re, and Hannover. The Company's retention limit of $1,500,000, per insured, downgrades by age and risk. Generali, RGA and Hannover each assume 20%, and Swiss Re assumes the remaining 40% of the excess losses.

Effective August 15, 2009, the Company reinsured all Joint Last Survivor Universal Life plans in an excess of loss pool with Hannover, RGA and Swiss Re. The Company's retention limit of $5,000,000 downgrades by age and risk. Hannover and RGA each assume 25% and Swiss Re assumes 50% of the losses in excess of the retention limit.

Effective April 1, 2011, the Company reinsured fully underwritten individual universal life and level term plans in a yearly renewable term, risk excess pool with the following reinsurers: Swiss Re, Hannover, Munich American and SCOR Global Life (SCOR). The Company's retention limit is $2,000,000 per insured, graded down by age and risk. Swiss Re, Hannover and

Munich each assume 30% and SCOR assume 10% of the losses in excess of the retention limit. Effective March 1, 2017 the pool shares were change to Munich 35%, Hannover 30%, SCOR 25% and Swiss Re 10%.

Effective October 1, 2011, the Company reinsured all Joint Last Survivor Universal Life plans in an excess of loss pool with Swiss Re, Hannover, Munich American and SCOR Global Life. The Company's retention limit is $5,000,000 per insured, graded down by age and risk. Swiss Re, Hannover and Munich each assume 30% and SCOR assume 10% of the losses in excess of the retention limit.

Effective August 1, 2017, the Company reinsured individual universal life and level term plans underwritten under the accelerated underwriting program via a first dollar quota share contract with the following reinsurers: Munich 25% and SCOR 50%.

The Company and its affiliates, Mutual of Omaha and Companion, cede group life and group accidental death and dismemberment business to ING RE (ING), effective October 1, 2007. The contract was novated from ING to RGA, effective September 1, 2010. Amendment of contract with RGA was effective October 1, 2014; this change coverage to $3,550,000 excess of $450,000, previous coverage for life business was $3,000,000 excess of $500,000 per person. Coverage for group AD&D business is $2,000,000 excess of $500,000 per person.

Effective January 1, 2008, the Company along with its parent, Mutual of Omaha, entered into an excess of loss agreement with Munich Re, covering group medical indemnity. Munich Re assumes excess liability which may accrue under Specific Stop-Loss Coverage. The Company's and Mutual of Omaha's retention is $2,000,000, with Munich assuming the next $3,000,000 of liabilities for each covered person, each agreement year.

Effective August 15, 2009, the Company, along with its parent, Mutual of Omaha, entered into a 50% quota share reinsurance agreement with Delta Dental of Arkansas, covering group dental business.

Effective July 1, 2011, the Company, along with its parent, Mutual of Omaha, entered into a 50% quota share reinsurance agreement with RGA, covering individual and multi-life, long term care business. Effective January 1, 2017, the ceded percentage was reduced to 15%.

General

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

BODY OF REPORT

GROWTH

The following comparative data, which has been expressed in thousands, reflects the growth of the Company during the period covered by this examination:

	2015	2016	2017	2018
Bonds	$ 12,620,715	$13,797,082	$14,898,438	$14,926,711
Total admitted assets	19,622,503	20,698,229	22,803,249	23,038,776
Aggregate life reserves	9,891,314	10,413,338	11,316,573	11,260,719
Total liabilities	18,180,785	19,268,717	21,197,532	21,399,406
Unassigned funds (surplus)	849,972	837,955	1,013,845	1,047,812
Premium income	3,572,251	3,691,966	4,024,609	3,263,556
Net investment income	825,798	699,683	739,044	801,180
Net income	153,640	9,012	61,730	55,374

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the State of Nebraska Department of Insurance and present the financial condition of the Company for the period ending December 31, 2018. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statements and should be considered an integral part of the financial statements. A reconciliation of the capital and surplus account for the period under review is also included.

FINANCIAL STATEMENT
December 31, 2018

Assets

	Ledger Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$14,926,710,850		$14,926,710,850
Preferred stocks	131,800,000		131,800,000
Common stocks	159,169,759		159,169,759
Mortgage loans	2,330,395,839		2,330,395,839
Properties occupied by the company	47,545,491		47,545,491
Cash, cash equivalents and short-term investments	274,735,458		274,735,458
Contract loans	189,140,339	$ 30,251	189,110,087
Derivatives	49,245,040		49,245,040
Other invested assets	166,450,274	969,000	165,481,274
Receivable for securities	3,997,491		3,997,491
Securities lending reinvested	528,473,119		528,473,119
Subtotal, cash and invested assets	$18,807,663,659	$ 999,251	$18,806,664,408
Investment income due and accrued	141,671,785		141,671,785
Uncollected premiums	(97,445,437)	845,243	(98,290,680)
Deferred premiums	341,256,596		341,256,596
Amounts recoverable from reinsurers	122,467,980		122,467,980
Funds held by or deposited with reinsured companies	52,625,953		52,625,953
Other amounts receivable under reinsurance contracts	55,394,037		55,394,037
Net deferred tax asset	163,368,471	78,538,337	84,830,134
Guaranty funds receivable	18,551,371		18,551,371
Electronic data processing equipment and software	5,464		5,464
Furniture and equipment	1,522,491	1,522,491	
Other amounts receivable	3,187,032	3,187,032	
Suspense items	61,297,297	56,380,974	4,916,323
Other assets	4,688,071	1,829,756	2,858,315
Disallowed interest maintenance reserve	32,350,028	32,350,028	-
Total assets excluding Separate Accounts	$19,708,604,797	$175,653,112	$19,532,951,685
From Separate Accounts Statement *	3,505,824,596		3,505,824,596
Totals	$23,214,429,393	$175,653,112	$23,038,776,282

* Separate Accounts Statement included as an addendum to this report

Liabilities, Surplus and Other Funds

Aggregate reserve for life policies and contracts	$11,260,719,125
Aggregate reserve for accident and health contracts	679,570,768
Liability for deposit-type contracts	3,175,489,647
Life contract claims	120,190,165
Accident and health contract claims	226,773,527
Premiums received in advance	24,918,971
Provision for experience rating refunds	1,350,550
Commissions to agents due or accrued-life	60,121,478
Commissions and expense allowances payable on reinsurance assumed	783,669
General expenses due or accrued	32,877,574
Transfers to Separate Accounts due or accrued	(2,166,950)
Taxes, licenses and fees due or accrued	24,910,437
Current federal and foreign income taxes	7,862,214
Unearned investment income	4,659,063
Amounts withheld or retained by company	1,015,832
Amounts held for agents' account	28,503,448
Remittances and items not allocated	39,734,223
Liability for benefits for employees and agents if not included above	71
Borrowed money	48,396,567
Asset valuation reserve	157,911,233
Funds held under reinsurance treaties with unauthorized reinsurers	1,480,113
Payable to parent, subsidiaries and affiliates	98,529,997
Drafts outstanding	34,132,922
Funds held under coinsurance	1,217,543,252
Derivatives	8,674,118
Payable securities lending	528,473,119
Miscellaneous liabilities	42,462,391
Cash collateral received	35,785,000
Abandoned property	28,921,028
Interest on Claims	3,958,342
Total liabilities excluding Separate Accounts business	$17,893,581,893
From Separate Accounts Statement *	3,505,824,596
Total liabilities	$21,399,406,489
Common capital stock	$ 9,000,000
Gross paid in and contributed surplus	582,558,051
Unassigned funds (surplus)	1,047,811,742
Total capital and surplus	$ 1,639,369,793
Totals	$23,038,776,282

* Separate Accounts Statement included as an addendum to this report.

SUMMARY OF OPERATIONS - 2018

Premiums and annuity considerations	$3,263,556,099
Considerations for supplementary contracts with life contingencies	194,973
Net investment income	801,180,079
Amortization of interest maintenance reserve	2,403,210
Commissions and expense allowances on reinsurance ceded	130,918,551
Income from fees from Separate Accounts	28,253,311
Charges and fees for deposit-type contracts	2,189,367
Other miscellaneous income	8,871,249
Totals	$4,237,566,840
Death benefits	$ 836,064,677
Matured endowments	1,080,276
Annuity benefits	568,922,848
Disability benefits and benefits under accident and health contracts	912,879,548
Surrender benefits and withdrawals for life contracts	319,197,632
Group conversions	(600)
Interest and adjustments on contract or deposit type contract funds	73,308,374
Payments on supplementary contracts with life contingencies	645,053
Increase in aggregate reserves for life and accident and health contracts	(5,195,463)
Totals	$2,706,902,345
Commissions on premiums, annuity considerations, and deposit type contract funds	$ 499,083,156
Commissions and expense allowances on reinsurance assumed	4,940,646
General insurance expenses	749,489,811
Insurance taxes, licenses and fees	97,627,387
Increase in loading on deferred and uncollected premiums	27,756,928
Interest on funds withheld from reinsures	50,020,061
Agents' terminal agreement	584,632
IMR ceded to reinsurer	18,595,212
Other miscellaneous deductions	471,638
Totals	$4,155,471,814
Net gain from operations before dividends, federal income taxes and net realized capital gains	$ 82,095,026
Dividends to policyholders	5,616
Federal income taxes incurred	10,696,830
Net realized capital gains or (losses)	(16,018,742)
Net income	$ 55,373,839

CAPITAL & SURPLUS ACCOUNT

	2015	2016	2017	2018
Capital and surplus, beginning	$1,422,723,191	$1,441,718,135	$1,429,512,571	$1,605,717,331
Net income	$ 153,640,116	$ 9,011,575	$ 61,729,846	$ 55,373,839
Change in net unrealized capital gains or (losses)	(75,903,694)	13,011,251	127,509,106	(43,068,027)
Change in net unrealized foreign exchange capital gain	1,643,807	(11,880,483)	(6,369,460)	19,573,310
Change in net deferred income tax	(3,344,152)	(8,860,779)	(73,181,690)	11,923,916
Change in nonadmitted assets	(43,060,193)	(8,793,465)	11,798,073	(49,069,005)
Change in reserve on account of change in valuation basis	(53,185,427)	(11,085,245)	(19,268,784)	14,941,344
Change in asset valuation reserve	43,045,643	(7,044,903)	(23,365,236)	(12,140,395)
Change in surplus as a result of reinsurance	(3,841,156)	110,329,805	97,352,906	36,441,130
Dividend to stockholders		(96,893,320)		
Other tax adjustments				(323,650)
Net change for the year	$ 18,994,944	$ (12,205,564)	$ 176,204,760	$ 33,652,461
Capital and surplus, ending	$1,441,718,135	$1,429,512,571	$1,605,717,331	$1,639,369,793

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of $1,047,811,742, as reported in the Company's 2018 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company’s financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

The recommendations appearing in the previous report of examination are reflected below together with the remedial actions taken by the Company to comply therewith:

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

Action: The Company has complied with this recommendation.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

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

SUMMARY OF COMMENTS AND RECOMMENDATIONS

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

ACKNOWLEDGMENT

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

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

Respectfully submitted,

Eric Dercher

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

Andrea Johnson

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

ADDENDUM

SEPARATE ACCOUNT BUSINESS

In conformity with statutory provisions required by Sections 44-402.01 to 44-402.05 and 44-2210 to 44-2214 of the Nebraska Insurance Code, the Company's Board of Directors has, on various dates, approved pertinent resolutions regarding the establishment and management of Separate Accounts for annuities and life insurance products. Certified copies of the initial Board resolutions have been filed with the Nebraska Department of Insurance.

As of December 31, 2018, the Company's Separate Account business consisted of thirteen funds. The Variable Universal Life and Variable Annuity funds offer individual contracts while the remaining eleven funds are offered under group contracts. Of these thirteen funds, only the following four had active balances as of December 31, 2018: Vanguard Institutional Index-Fund II, Variable Universal Life Fund B, Variable Annuity Fund C, and 401k Fund K. Group products must be from qualified funds while Individual products can be qualified or nonqualified. The Company is actively marketing group Fund K products. Other group funds are available but not actively marketed.

The following statement shows the financial condition of the Separate Account business during the examination period:

COMPARATIVE FINANCIAL STATEMENT

SEPARATE ACCOUNT BUSINESS

	2015	2016	2017	2018
Assets				
Bonds	$ 0	$ 0	$ 65,341,134	$ 101,263,111
Common stocks	3,019,551,117	3,366,509,433	3,921,623,240	3,370,099,755
Cash and cash equivalents	11,574,448	6,512,227	6,423,557	31,360,120
Short-term investments	128,000,000			
Investment income due and accrued	391,122	1,101,371	941,717	1,118,758
Receivable for securities	12,792,134	2,857,839	3,634,829	964,383
Other assets	2,457,835	794,418		1,018,468
Total assets	$3,174,766,656	$3,377,775,288	$3,997,964,477	$3,505,824,596
Liabilities and Surplus				
Aggregate reserve for life and annuity contracts	$ 147,572,006	$ 146,324,630	$ 160,014,789	$ 135,984,826
Liability for deposit-type contracts	3,010,275,166	3,224,990,535	3,830,764,705	3,361,372,374
Charges for investment management, administration and contract guarantees due or accrued	1,946,031	2,024,734	2,275,513	2,166,950
Other transfers to general account due and accrued	59,668	44,979	35,200	5,438
Remittances and items not allowed			390,754	
Other liabilities	35			
Payable for securities	14,913,750	4,390,410	4,483,516	6,295,008
Total Liabilities	$3,174,766,656	$3,377,775,288	$3,997,964,477	$3,505,824,596
Surplus	$ 0	$ 0	$ 0	$ 0
Totals	$3,174,766,656	$3,377,775,288	$3,997,964,477	$3,505,824,596

State of Kansas,

County of Johnson,

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

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

2. The Department of Insurance State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination reports, and the examinations of Mutual of Omaha Insurance Company, United of Omaha Life Insurance Company, Medicare Advantage Insurance Company of Omaha, Mutual of Omaha Medicare Advantage Company, Omaha Health Insurance Company, Omaha Insurance Company, Omaha Reinsurance Company, and United World Life Insurance Company were performed in a manner consistent with the standards and procedures required by the Department of Insurance State of Nebraska.

The affiant says nothing further.

Eric C. Dercher
Examiner's Signature

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

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

Cynthia L Glenn
Notary Public

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