

JUN 07 2021

FILED

CERTIFICATION

June 7, 2021

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

WEST COAST LIFE 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.



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

WEST COAST LIFE INSURANCE COMPANY

2801 HIGHWAY 280 SOUTH

BIRMINGHAM, ALABAMA 35223

dated as of December 31, 2019, verified under oath by the examiner-in-charge on May 13, 2021, and received by the company on May 13, 2021, has been adopted with modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 27th day of May 2021.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read 'Justin C. Schrader', with a stylized, flowing script.

Justin C. Schrader, CFE
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

WEST COAST LIFE INSURANCE COMPANY

as of

DECEMBER 31, 2019

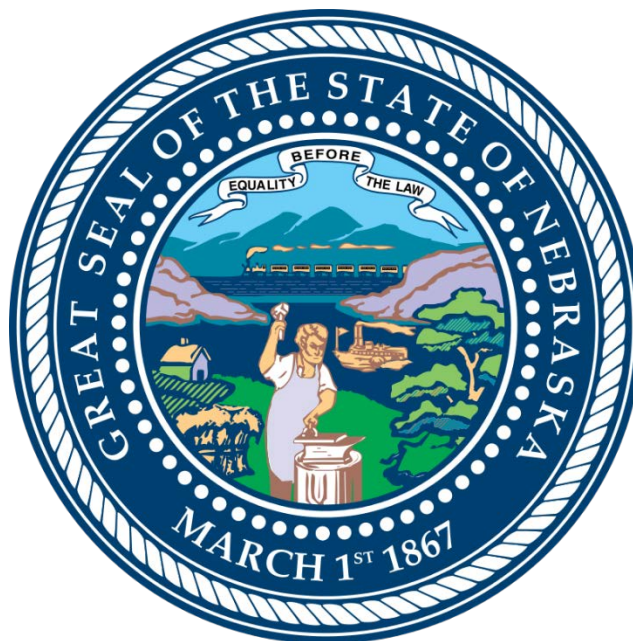


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Birmingham, Alabama
April 6, 2021

Honorable Eric Dunning
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:

WEST COAST LIFE INSURANCE COMPANY

which has its Statutory Home Office located at

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

with its Principal Executive Office located at

**2801 Highway 280 South
Birmingham, Alabama 35223**

(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, 2014. The current financial condition examination covers the intervening period to, and includes the close of business on December 31, 2019 and such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska, Alabama, New York, Tennessee, and Vermont 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, Protective Life and Annuity Insurance Company, MONY Life Insurance Company, Protective Life Insurance Company, Golden Gate Captive Insurance Company, Golden Gate II Captive Insurance Company, Golden Gate III Vermont Captive Insurance Company, Golden Gate IV Vermont Captive Insurance Company, and Golden Gate V Vermont Captive Insurance Company.

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 Tennessee Department of Commerce and Insurance as the coordinating state and the Alabama Department of Insurance, Nebraska Department of Insurance, New York State Department of Financial Services, and the Vermont Department of Financial Regulation. 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 Shareholders, 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 KPMG LLP, the Company's external auditors, during their audit of the Company's accounts for the year 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

Founded April 2, 1906, the Company merged with San Francisco Life on February 8, 1915 and incorporated as West Coast-San Francisco Life Insurance Company with the present title, West Coast Life Insurance Company, adopted in 1920. During 2002, the Company was re-domesticated from California to Nebraska.

Control of the Company was held from 1938 until 1964 under a voting trust agreement. In 1964, ownership was acquired by Nationwide Corporation, a holding company, which held a majority position with 78.2% of outstanding shares until December 1973. On December 24, 1973, W.L. Acquisition Corporation, a wholly-owned subsidiary of Nationwide Corporation, was merged into the Company. As a result of the merger, Nationwide Corporation became the sole stockholder with former minority stockholders being paid \$18 per share. Nationwide Corporation is owned 100% by Nationwide Mutual and Nationwide Mutual Fire. In 1986, Michigan Life Insurance Company was merged into the Company. Nationwide Corporation contributed the ownership of the Company to Nationwide Life Insurance Company on December 31, 1993. The Company merged with Farmland Life Insurance Company in 1995. Nationwide Life Insurance Company contributed the ownership of the Company to Nationwide Corporation on January 1, 1997.

On June 3, 1997, 100% ownership of the Company was acquired by Protective Life Insurance Company (PLICO), Birmingham, Alabama. The Company is a wholly-owned subsidiary of PLICO, an insurance company domiciled in Tennessee. PLICO is a wholly-owned and principle operating subsidiary of Protective Life Corporation (PLC), an insurance holding company.

On February 1, 2015, the Company's parent, PLICO, announced the completion of the acquisition of PLICO by Dai-ichi Life Holdings, Inc., in accordance with the terms of the previously announced Agreement and Plan of Merger dated June 3, 2014, among PLICO, Dai-ichi Life Holdings, Inc., and DL Investment (Delaware), Inc., a wholly-owned subsidiary of Dai-ichi Life Holdings, Inc. As a result of the merger, each outstanding share of common stock of PLICO was converted into the right to receive the Per Share Merger Consideration in cash, and

PLICO has become a wholly-owned subsidiary of Dai-ichi Life Holdings, Inc. PLICO's common stock has ceased trading and was delisted from the New York Stock Exchange on February 13, 2015.

The Articles of Incorporation provide that “the duration of Corporation shall be perpetual.” Under provision of its current charter, and in conformity with Nebraska Statutes, the Company is authorized to write the kinds of insurance prescribed in Section 44-201, Subsections (1) and (4), of the Nebraska Insurance Statutes (life and sickness and accident).

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 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):

- Dai-ichi Life Holdings, Inc.
 - Protective Life Corporation
 - Protective Life Insurance Company
 - Protective Life and Annuity Insurance Company
 - West Coast Life Insurance Company
 - MONY Life Insurance Company
 - Golden Gate Captive Insurance Company
 - Golden Gate II Captive Insurance Company
 - Golden Gate III Vermont Captive Insurance Company
 - Golden Gate IV Vermont Captive Insurance Company
 - Golden Gate V Vermont Captive Insurance Company

Shareholder

Article 4 of the Company’s Articles of Incorporation states that, “the Corporation is authorized to issue one million (1,000,000) shares of stock, five dollars (\$5.00) par value per share. All such shares are to be of one class and shall be designated as Common Stock.” As of

the date of examination, Company records indicate that 1,000,000 shares are issued and outstanding for a paid-up capital of \$5,000,000 and are all owned by PLICO. The Company's paid-in surplus is \$296,907,115. The Company paid cash dividends of \$53,000,000 in 2015, \$40,000,000 in 2016, \$75,000,000 in 2017, \$33,000,000 in 2018, and \$0 in 2019.

Article II, Section 1 of the By-Laws states, "the annual meeting of the Shareholders for the purpose of electing Directors and for the transaction of such other business as may come before the meeting shall be held at such date and time during the calendar year except as otherwise provided by law, as shall be specified by resolution of the Board of Directors. Special meetings may be called for any purpose by the Board of Directors, the Executive Committee or the Chief Executive Officer." Per Section 2, "the place of all meetings shall be in the State of Alabama unless some other place, either within or without the State of Alabama, is designated by a resolution of the Board of Directors or other person entitled to call such meetings."

Board of Directors

Article III, Section 2 of the By-Laws states, "the number of Directors of the Company shall be fixed from time to time by resolution of the Shareholders; provided that the Board shall consist of a range from one (1) natural person to no more than twenty (20) persons, with one of the Directors being a Nebraska resident in a manner not inconsistent with the laws of the State of Nebraska, and that no decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director. Each Director shall hold office until the next annual meeting of Shareholders and until his or her successor shall have been elected and qualified." Section 3 of the By-Laws states, "the Shareholders may provide, by resolution, the time and place, either within or without the State of Nebraska, if permitted by law, for the holding of regular meetings without other notice than such resolution."

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

<u>Name and Residence</u>	<u>Principal Occupation</u>
Richard J. Bielen Birmingham, AL	President, Chief Executive Officer, and Chairman of the Board of the Company
Lance P. Black Birmingham, AL	Senior Vice President and Treasurer of the Company
Mark L. Drew Birmingham, AL	Executive Vice President and General Counsel of the Company
Steven D. Neth Elkhorn, NE	Underwriter – Advanced Technical Lead of the Company
Michael G. Temple Homewood, AL	Vice Chairman and Chief Operating Officer of the Company
Carl S. Thigpen Birmingham, AL	Executive Vice President and Chief Investment Officer of the Company
Steven G. Walker Birmingham, AL	Executive Vice President and Chief Financial Officer of the Company

Officers

Article IV, Section 1 of the By-Laws states, “the Officers of the Company shall be determined from time to time by resolution of the Board of Directors and shall be consistent with the current laws of the State of Nebraska. The Officers of the Company shall include a President, a Secretary and, in the discretion of the Board of Directors which may leave one or more offices vacant from time to time, may include a Chairman of the Board, one or more Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Second Vice Presidents, (the number thereof to be determined by the Board of Directors), a Treasurer, one or more Assistant Secretaries and Assistant Treasurers, and such other Officers and Assistant Officers as may be deemed necessary by the Board of Directors. All such Officers shall be elected for a term of one year and shall be subject to removal by the Board of Directors at its pleasure... The same

individual may simultaneously hold two or more offices in the Company, if then consistent with the current laws of the State of Nebraska.”

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

<u>Name and Residence</u>	<u>Office</u>
Richard J. Bielen	President, Chief Executive Officer, and Chairman of the Board
Lance P. Black	Senior Vice President and Treasurer
Steven M. Callaway	Senior Vice President, Secretary, and Senior Counsel
Carl S. Thigpen	Executive Vice President and Chief Investment Officer
Steven G. Walker	Executive Vice President and Chief Financial Officer
Michael G. Temple	Vice Chairman and Chief Operating Officer
Kevin B. Borie	Senior Vice President and Chief Valuation Actuary
David S. Adams	Executive Vice President and Chief Digital and Innovation Officer
Mark L. Drew	Executive Vice President and General Counsel
Paul R. Wells	Senior Vice President, Chief Accounting Officer and Controller

Committees

Article III, Section 9 of the By-Laws states, “the Board of Directors may, by resolution or resolutions adopted by a majority of the full Board of Directors, designate one or more committees, each committee to consist of one or more of the Directors of the Company, except for the Company’s Finance/Investment Committee (which may include one or more members who are not members of the Board of Directors, and which shall have only those powers of the Board of Directors as permitted by Neb. Rev. Stat. § 44-5105), which, to the extent provided in

such resolution or resolutions, shall have and may during intervals between the meetings of the Board exercise the powers of the Board of Directors in the management of the business and affairs of the Company and may have power to authorize the seal of the Company to be affixed to all papers which may require it; provided, however, that no such committee shall have the authority of the Board of Directors in reference to: (1) authorize distributions; (2) approve or propose to Shareholders action that the Nebraska Business Corporation Act requires be approved by Shareholders; (3) fill vacancies on the Board of Directors or on any of its committees; (4) amend the Company's Articles of Incorporation pursuant to § 21-20,117 of the Nebraska Business Corporation Act; (5) adopt, amend or repeal the Company's By-Laws; (6) approve a plan of merger not requiring Shareholder approval; (7) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; (8) authorize or approve the issuance or sale or contract for sale of shares or determine the designation and relative rights, preferences, and limitations of a class or series of shares, except that the Board of Directors may authorize a committee (or a Senior Executive Officer of the Company) to do so within limits specifically prescribed by the Board of Directors."

The Company delegates the PLC Finance/Investment Committee to act on behalf of the Company in accordance with an investment services agreement between PLC and the Company.

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

Richard J. Bielen

Michael G. Temple

TRANSACTIONS WITH AFFILIATES

Agreement for Investment Services

This agreement was entered into by and between PLC and the Company. The Company granted authority to PLC to provide investment services including, but not limited to: research

and analysis of investment opportunities, execute purchases or sales, collect and transmit any and all amounts paid on investments, and provide and maintain necessary documentation for renewable twelve month terms beginning on July 1, 1997. The amount owed by the Company for investment services will be submitted by PLC within fifteen (15) days of the end of the month. The Company shall pay PLC within fifteen (15) days following the receipt of such amount.

Agreement for Data Center Services

This agreement was entered into by and between PLC and the Company. The Company grants authority to PLC to provide data services including, but not limited to: to provide the computer hardware necessary to run insurance software, to make the software accessible, and to maintain documentation stating the nature of services provided for a renewable term of twelve months beginning on July 1, 1997. Costs for all data processing programming services provided will be determined by allocating the expenses incurred by a percentage of the amount of time spent in performing said services for the Company by PLC's personnel multiplied by rates for such services then in effect. The fees will be settled monthly and will be determined by allocating expenses incurred by PLC for providing services to the Company based upon the percentage of time spent by the Company utilizing such data services multiplied by rates for services. The amount owed by the Company for the data processing programming services will be submitted by PLC within fifteen (15) days of the end of each month. The Company will pay to PLC within fifteen (15) days following receipt of such amount.

Agreement for Legal Services

This agreement was entered into by and between PLC and the Company. PLC will provide legal services including, but not limited to: general corporate legal work, insurance-

related legal work, and contracts to the Company effective July 1, 2004. The Company will reimburse PLC at cost for services provided.

Tax Allocation Agreement

This agreement was entered into by and between PLC and its subsidiaries on January 1, 1988. The agreement permitted PLC and its subsidiaries to file a consolidated federal income tax return and to allocate payments for federal income tax between them. The fees will be calculated by preparing a separate federal income tax return for each subsidiary. The amendment allows for a subsidiary to carry-back or carry-forward losses or credits.

Administrative Services Agreements

An administrative service agreement was entered into as of July 1, 1997 and amended as of January 3, 2011 between PLC and the Company. PLC will provide administrative services including, but not limited to: payroll and compensation services and administration, employee benefit plans and administration, employee hiring, retention and termination services, job-related training, and other related employment and training/development services. Per the amendment, fees are to be settled quarterly.

An administrative service agreement was entered into as of October 1, 2003 between Protective Life and Annuity Insurance Company (PLAIC) and the Company. The Company will provide administrative services including, but not limited to: marketing, compliance, policy administration/policyholder services, policy issue, accounting and financial reporting, licensing and commission payments, and underwriting. PLAIC will reimburse the Company at cost for services provided. The Company shall submit to PLAIC within fifteen days of the end of the quarter the amount owed by PLAIC for services and PLAIC shall pay to the Company within fifteen days following receipt of such amount.

An administrative service agreement was entered into between PLICO, Empire General Life Assurance Corporation (EGLAC), and the Company on November 7, 2005. EGLAC merged with and into PLICO in 2007 and is no longer a party to the agreement. Per the agreement, any one of the affiliates can provide administrative services to any other affiliate. Reimbursement to the providing affiliate will be at cost. PLICO shall submit to the Company within fifteen days of the end of the quarter the amount owed by the Company for services and the Company shall pay to PLICO within fifteen days following receipt of such amount.

An administrative agreement was entered into as of September 30, 2004 and amended as of August 26, 2005 between Golden Gate Captive Insurance Company (GGCIC) and the Company. The Company agreed to provide administrative services to all reinsurance business of GGCIC and any financing designed to fund any of GGCIC's reinsurance obligations. Reimbursement to the Company would be at cost for services and facilities and would include all direct and indirect allocable expenses. The Company will submit to GGCIC within thirty days of the end of each quarter a written statement of the amount estimated to be owed by GGCIC for services, and GGCIC shall pay to the Company within fifteen days following receipt of amount. The Company also has similar, separate, administrative service agreements with Golden Gate III Vermont Captive Insurance Company, Golden Gate IV Vermont Captive Insurance Company, and Golden Gate V Vermont Captive Insurance Company.

Intercompany Loan Agreement

An intercompany loan agreement was entered into on November 1, 2011 between PLICO and the Company. This agreement allows for either company to obtain a loan advance from the other company in times of short-term cash needs. Multiple advances can be obtained, will bear interest and will be repayable. The Company cannot obtain an advance with a sum and

outstanding amount exceeding \$800 million per calendar year and cannot make an advance to PLICO if the sum and outstanding amount of advance exceeds \$200 million per calendar year. Payment of outstanding advances cannot exceed 180 days from the date the advance was made.

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.

The Company operates from PLICO's main administrative offices in Birmingham, AL. All executive, human resources, legal, financial, actuarial, investment, technology infrastructure, customer service, and agent licensing activities are provided by PLICO and PLC.

The Company stopped marketing products in January of 2012 in order to return to profitability. The Company previously marketed individual life insurance and annuity products, which were distributed nationally through many channels, primarily through independent agents. The Company has not actively written new business since 2012 but continues to service its existing policyholders.

The Company relies heavily on reinsurance, and, since 2010, the Company has ceded a large portion of its term life and universal life reserves with affiliated captives located in Vermont.

REINSURANCE

Assumed - Nonaffiliated

For the years 2019 and 2018, the Company assumed individual life and annuity premiums totaling \$7.5 million and \$7.2 million respectively. Reserve credits assumed for the years 2019 and 2018 were \$7.6 million and \$8.1 million, respectively. The largest component of this business involves the re-assumption of a portion of the Company's reinsurance ceded to

Security Life of Denver Insurance Company. The business is ceded out on a coinsurance basis, and then the Company re-assumes a 10% portion on a yearly renewable term (YRT) basis. This block of assumed business accounted for premiums totaling \$6.8 million and \$6.3 million respectively in 2019 and 2018.

The Company also assumed modified co-insurance reserves totaling \$62.4 million in 2019 and \$62.7 million in 2018. These transactions relate to a closed block of life, accident and health, and annuity policies assumed from Nationwide Life Insurance Company, the Company's former parent, under agreements effective January 1, 1994. The Company also handles all administrative functions relating to this block of business.

Assumed - Affiliated

Effective October 1, 2010, the Company and PLICO entered into an Indemnity Reinsurance Agreement, whereby PLICO cedes and the Company reinsures and indemnifies, on an indemnity reinsurance basis, certain specified term life insurance policies issued by PLICO on or after January 1, 2008 and with application signed dates on or prior to December 31, 2010.

Effective as of October 1, 2012, PLICO and the Company entered into an Indemnity Reinsurance Agreement whereby PLICO cedes and the Company reinsures on a coinsurance basis specified universal life insurance policies with secondary guarantees originally issued by PLICO. The agreement was amended to include certain specified insurance policies with an issue date on or before December 31, 2012.

Effective July 1, 2013, the Company and PLICO entered into an Indemnity Reinsurance Agreement whereby PLICO cedes and the Company reinsures and indemnifies, on an indemnity reinsurance basis, a defined block of in-force level-premium term life insurance policies on a coinsurance and coinsurance with funds withheld basis. Effective June 30, 2014, this agreement

was amended and restated to provide for PLICO to reinsure an additional block of in force level-premium term life insurance policies on a coinsurance and coinsurance with funds withheld basis.

Ceded - Nonaffiliated

The Company has historically maintained reinsurance agreements with other insurance companies for the purposes of diversifying risk and limiting exposure on larger mortality risks. Under the terms of these agreements the Company generally shares in the mortality risk while ceding amounts over a threshold exposure of not more than \$2 million per life. In the years 2019 and 2018 respectively, the Company ceded a total of \$436 million and \$328 million in premiums and \$2.5 billion and \$2.7 billion in reserves pursuant to these reinsurance agreements. As of December 31, 2019, the most significant external reinsurers of the company were Security Life of Denver Insurance Company, Lincoln National Life Insurance Company, American United Life Insurance Company, and Swiss Re Life and Health America, Inc., which accounted for 49%, 30%, 6%, and 6% respectively of the \$2.5 billion in nonaffiliated reserves ceded. No other external reinsurer accounted for more than 5% of the \$2.5 billion in reserves ceded by the Company.

The Company reported no significant amounts of reinsurance involving accident and health business in 2019 or 2018.

Ceded – Affiliated

Effective July 1, 2004, the Company and GGCIC entered into an Indemnity Reinsurance Agreement whereby the Company cedes and GGCIC reinsures certain term life insurance policies of the Company on an indemnity reinsurance basis under a coinsurance plan. The 2004

agreement between the Company and GGCIC was amended and restated effective August 1, 2005 and April 1, 2010.

Effective August 1, 2005, the Company and GGCIC entered into an Indemnity Reinsurance Agreement whereby the Company cedes and GGCIC reinsures certain term life insurance policies of the Company on an indemnity reinsurance basis under a coinsurance plan. The 2005 agreement between the Company and GGCIC was amended and restated effective April 1, 2010 and amended again on August 23, 2012.

Effective April 1, 2010, the Company and Golden Gate III Vermont Captive Insurance Company (GGIII) entered into an Indemnity Reinsurance Agreement whereby the Company cedes and GGIII reinsures certain term life insurance policies of the Company on an indemnity reinsurance basis under a coinsurance plan. Effective October 1, 2011, the Company and GGIII agreement was amended and restated to provide for reinsurance under a combination of coinsurance and coinsurance with funds withheld basis. Effective July 1, 2013, the Company and GGIII agreement was further amended and restated to provide for GGIII to reinsure an additional block of in force level-premium term life insurance policies on a coinsurance and coinsurance with funds withheld basis. Effective June 30, 2014, the agreement was amended and restated to provide for GGIII to reinsure an additional block of in force level-premium term life insurance policies on a coinsurance and coinsurance with funds withheld basis.

Effective October 1, 2010, WCL and Golden Gate IV Vermont Captive Insurance Company (GGIV) entered into an Indemnity Reinsurance Agreement whereby the Company cedes and GGIV reinsures and indemnifies, on an indemnity reinsurance basis under a combination coinsurance and coinsurance with funds withheld plan, specified term life insurance policies of the Company and PLICO. The policies to be ceded include certain specified level-

premium term policies issued by the Company and PLICO on or after January 1, 2008 and with application signed dates on or prior to December 31, 2010.

Effective as of October 1, 2012, PLICO and the Company entered into an Indemnity Reinsurance Agreement whereby the Company cedes and PLICO reinsures base policy benefits on certain universal life policies with secondary guarantees issued by the Company, consisting of all death and surrender benefits paid by the Company on or after the effective date, under the terms of the reinsured policies but not including any excluded coverage or extra-contractual obligations, net of benefits receivable under existing reinsurance, whether collectible or not, and any interest payable to such liability.

Effective as of October 1, 2012, the Company and Golden Gate V Vermont Captive Insurance Company (GGV) entered into an Indemnity Reinsurance Agreement whereby GGV reinsures from the Company on an indemnity reinsurance basis under a combination coinsurance and coinsurance with funds withheld plan specified universal life policies with secondary guarantees originally issued by the Company and PLICO. The agreement was amended to include certain specified insurance policies with an issue date on or before December 31, 2012.

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$3,781,987,488	\$3,912,440,505	\$3,946,096,960	\$4,021,700,388	\$3,957,060,263
Admitted assets	4,985,334,018	5,158,402,161	5,244,818,868	5,336,538,489	5,347,951,677
Aggregate reserve for life contracts	2,562,785,522	2,553,892,491	2,554,700,902	2,561,803,421	2,528,516,169
Aggregate reserve for accident & health contracts	304,073	271,050	221,897	158,015	149,412
Total liabilities	4,565,905,787	4,710,023,433	4,843,891,123	4,924,638,146	4,905,778,799
Capital & surplus	419,428,231	448,378,727	400,927,746	411,900,343	442,172,878
Premium income	10,075,954	(460,706)	(21,134,318)	(26,339,222)	(81,539,089)
Net investment income	232,204,462	247,078,048	238,533,022	243,439,532	243,596,303
Death benefits	60,795,707	65,109,121	76,169,949	90,484,727	90,954,466
Annuity benefits	73,405	72,577	51,721	577,468	135,184
Net income	58,545,156	92,450,103	70,522,488	63,656,884	30,762,339
Life insurance in force	284,910,211	272,354,323	256,693,768	239,283,371	222,200,227

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 Not Admitted</u>	<u>Net Admitted Assets</u>
	<u>Assets</u>		
Bonds	\$3,957,060,263		\$3,957,060,263
Preferred stocks	117,704,750		117,704,750
Mortgage loans	572,140,147		572,140,147
Cash and cash equivalents	148,291,516		148,291,516
Contract loans	42,324,274	\$5,425,034	36,899,240
Other invested assets	<u>75,019,972</u>	<u></u>	<u>75,019,972</u>
Subtotal, cash and invested assets	\$4,912,540,921	\$5,425,034	\$4,907,115,887
Investment income due and accrued	56,169,247		56,169,247
Uncollected premiums and agents' balances in the course of collection	(95,968,132)	2,884,108	(98,852,240)
Amounts recoverable from reinsurers	52,318,144	1,318,155	50,999,989
Funds held by or deposited with reinsured companies	243,117,024		243,117,024
Other amounts receivable under reinsurance contracts	62,870,661		62,870,661
Current federal income tax recoverable	2,652,621		2,652,621
Net deferred tax asset	49,804,430		49,804,430
Guaranty funds receivable or on deposit	478,401		478,401
Receivables from parent, subsidiaries and affiliates	291,864		291,864
Health care and other amounts receivable	50,102	50,102	
Insolvency fund assessments	330,526		330,526
Accounts receivable and other assets	<u>145,544</u>	<u>21,244</u>	<u>124,299</u>
Total assets excluding Separate Accounts	\$5,284,801,355	\$9,698,644	\$5,275,102,711
From Separate Accounts	<u>72,848,965</u>	<u></u>	<u>72,848,965</u>
Totals	<u>\$5,357,650,320</u>	<u>\$9,698,644</u>	<u>\$5,347,951,677</u>

Liabilities, Surplus and Other Funds

Aggregate reserve for life contracts	\$2,528,516,169
Aggregate reserve for accident and health contracts	149,412
Liability for deposit-type contracts	153,931,513
Contract claims:	
Life	9,716,693
Accident and health	1,637
Policyholders' dividends/refunds to members	19,848
Policyholders' dividends apportioned for payment	1,235,800
Premiums and annuity considerations for life and accident and health contracts received in advance	1,740,732
Other amounts payable on assumed and ceded reinsurance	37,120,084
Interest maintenance reserve	11,205,481
Commissions to agents due or accrued-life and annuity contracts	5,635,622
Commissions and expense allowances payable on reinsurance assumed	1,433,016
General expenses due or accrued	53,047
Transfers to Separate Accounts due or accrued	(4,850,245)
Taxes, licenses and fees due or accrued, excluding federal income taxes	657,108
Unearned investment income	1,221,771
Amounts withheld or retained by company as agent or trustee	2,153,329
Amounts held for agents' account	1,854,215
Remittances and items not allocated	1,688,595
Asset valuation reserve	33,577,108
Reinsurance in unauthorized and certified companies	344,066
Payable to parent, subsidiaries and affiliates	2,718,965
Funds held under coinsurance	<u>2,042,805,869</u>
 Total liabilities excluding Separate Accounts	 \$4,832,929,833
From Separate Accounts	72,848,965
 Total liabilities	 <u>\$4,905,778,799</u>
 Common capital stock	 \$ 5,000,000
Gross paid in and contributed surplus	296,907,115
Unassigned funds	<u>140,265,763</u>
 Total capital and surplus	 <u>\$ 442,172,878</u>
 Totals	 <u>\$5,347,951,677</u>

SUMMARY OF OPERATIONS – 2019

Premiums and annuity considerations for life and accident and health contracts	\$ (81,539,089)
Net investment income	243,596,303
Amortization of interest maintenance reserve	1,342,383
Separate Accounts net gain from operations excluding unrealized gains or losses	630,687
Commissions and expense allowances on reinsurance ceded	143,610,444
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	650,384
Interest on funds withheld by ceding insurer and miscellaneous income	11,037,673
MODCO reserve interest	<u>1,760,627</u>
Totals	<u>\$321,089,413</u>
Death benefits	\$ 90,954,466
Matured endowments	214,525
Annuity benefits	135,184
Disability benefits and benefits under accident and health contracts	287,037
Coupons, guaranteed annual pure endowments and similar benefits	366
Surrender benefits and withdrawals for life contracts	45,443,710
Interest and adjustments on contract or deposit-type contract funds	1,884,544
Payments on supplementary contracts with life contingencies	512,175
Increase in aggregate reserves for life and accident and health contracts	<u>(33,295,855)</u>
Totals	<u>\$106,136,152</u>
Commissions on premiums, annuity considerations, and deposit-type contract funds	\$ 10,358,952
Commissions and expense allowances on reinsurance assumed	9,812,416
General insurance expenses	11,238,892
Insurance taxes, licenses and fees, excluding federal income taxes	10,069,342
Net transfers to or (from) Separate Accounts net of reinsurance	(1,981,247)
Interest expense on reinsured treaties	109,608,695
Tax penalties and interest	12,567
Change in MODCO reserves	<u>(187,214)</u>
Totals	<u>\$255,068,554</u>
Net gain from operations before dividends to policyholders and federal income taxes	\$ 66,020,859
Dividends to policyholders	1,770,569
Federal income taxes incurred	17,570,760
Net realized capital losses	<u>(15,917,191)</u>
Net income	<u>\$ 30,762,339</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Capital and surplus, beginning	<u>\$412,267,127</u>	<u>\$419,428,231</u>	<u>\$448,378,727</u>	<u>\$400,927,745</u>	<u>\$411,900,343</u>
Net income	\$ 58,545,156	\$ 92,450,103	\$ 70,522,488	\$ 63,656,884	\$ 30,762,339
Change in net unrealized capital gains (losses)	1,220,700	0	0	1	(932,200)
Change in net deferred income tax	107,416	(3,631,289)	(23,004,292)	370,982	17,529,932
Change in nonadmitted assets	678,164	(2,263,454)	(1,081,213)	46,436	(1,737,750)
Change in liability for reinsurance in unauthorized and certified companies	0	0	0	0	(344,066)
Change in asset valuation reserve	3,207,479	(7,991,744)	(2,943,347)	(1,678,091)	9,249,156
Surplus withdrawn from Separate Accounts during period	1,258,770	1,183,634	1,240,629	1,099,120	630,687
Other changes in surplus in Separate Accounts statement	(1,258,770)	(1,183,634)	(1,240,629)	(1,099,120)	(630,687)
Change in surplus as a result of reinsurance	(3,597,811)	(9,613,121)	(16,708,252)	(18,423,614)	(24,254,876)
Dividends to stockholders	(53,000,000)	(40,000,000)	(75,000,000)	(33,000,000)	0
Aggregate write-ins for gains and losses in surplus	<u>0</u>	<u>0</u>	<u>763,634</u>	<u>0</u>	<u>0</u>
Net change for the year	<u>\$ 7,161,104</u>	<u>\$ 28,950,495</u>	<u>\$ (47,450,981)</u>	<u>\$ 10,972,598</u>	<u>\$ 30,272,535</u>
Capital and surplus, ending	<u>\$419,428,231</u>	<u>\$448,378,727</u>	<u>\$400,927,746</u>	<u>\$411,900,343</u>	<u>\$442,172,878</u>

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$140,265,763 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

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

Accounts and Records – It is recommended that the Company maintain all email notifications sent to management for its monthly and quarterly reports to document its controls in accordance with NE Statute §44-5905(2)(b)(i)(A).

Action: The Company has complied with this recommendation.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

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

SUBSEQUENT EVENT

GOLDEN GATE CAPTIVES MERGER

As part of a statutory merger approved by the Vermont Department of Financial Regulation and the South Carolina Department of Insurance, Golden Gate II Captive Insurance Company (GGII), a South Carolina-domiciled Special Purpose Financial Captive, and three Vermont-domiciled Special Purpose Financial Insurers, GGIII, GGIV, and GGV, all of which are wholly-owned subsidiaries of PLICO and affiliates of the Company, merged with and into GGCIC effective October 1, 2020 (the Merger) with GGCIC remaining as the surviving legal entity after the Merger. Prior to the Merger, the Company had ceded business to GGCIC, GGIII, GGIV, and GGV pursuant to separate reinsurance agreements. Subsequent to the Merger, and in conjunction with an amended and restated reinsurance agreement with GGCIC (the “2020 WCL-GGCIC Agreement”); this same Company-written business is now reinsured on a combined basis to GGCIC. The Company’s parent, PLICO, also entered into an amended and restated reinsurance agreement effective October 1, 2020 (the “2020 PLICO-GGCIC” Agreement) in conjunction with the Merger, covering business reinsured either directly or indirectly via the Company to GGCIC, GGII, GGIII, GGIV and GGV pre-Merger.

ACKNOWLEDGMENT

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

In addition to the undersigned, Rhonda Ahrens, FSA, MAA, Life and Health Actuarial Examiner with the Nebraska Department of Insurance and Financial Examiners, Information Systems Specialists, and Actuarial Examiners with or contracted by the Tennessee Department of Commerce and Insurance, Alabama Department of Insurance, New York State Department of Financial Services, and the Vermont Department of Financial Regulation; participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Kimberly A. Hurst".

Kimberly A. Hurst, CFE
Examiner-in-Charge
Department of Insurance
State of Nebraska

State of Nebraska,

County of Lancaster,

Kimberly A. Hurst, 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 West Coast Life 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 West Coast Life 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.

Kimberly A. Hurst
Examiner-in-Charge's Signature

Subscribed and sworn before me by Kimberly Hurst on this 13 day of may, 2021.

(SEAL)

Carole J Dailey
Notary Public

My commission expires 11-13-2022 [date]



AFFIDAVIT

The undersigned, Phillip E. Passafiume, Director of West Coast Life Insurance Company, after being duly sworn, does hereby represent, warrant and state unto the State of Nebraska Department of Insurance, as follows:

I have received a copy of the Examination Report of West Coast Life Insurance Company as of December 31, 2019.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed, this the 14th day of September, 2021.

Philip Passafiume
Philip Passafiume (Sep 14, 2021 09:51 EDT)

Phillip E. Passafiume
Director

STATE OF ALABAMA)

COUNTY OF JEFFERSON)

The instrument was acknowledged before me on the 14th day of September 2021.



Ramona M. Leopard
Notary Public, State of Alabama

AFFIDAVIT

The undersigned, Lisa Goldsmith, Director of West Coast Life Insurance Company, after being duly sworn, does hereby represent, warrant and state unto the State of Nebraska Department of Insurance, as follows:

I have received a copy of the Examination Report of West Coast Life Insurance Company as of December 31, 2019.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed, this the 14th day of August, 2021.

Lisa Goldsmith

Lisa Goldsmith (Sep 14, 2021 15:58 CDT)

Lisa Goldsmith
Director

STATE OF ALABAMA)

COUNTY OF JEFFERSON)

The instrument was acknowledged before me on the 14th day of Aug September 2021.



Ramona M. Leopard
Notary Public, State of Alabama

AFFIDAVIT

The undersigned, Steven G. Walker, Director of West Coast Life Insurance Company, after being duly sworn, does hereby represent, warrant and state unto the State of Nebraska Department of Insurance, as follows:

I have received a copy of the Examination Report of West Coast Life Insurance Company as of December 31, 2019.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed, this the 14th day of September, 2021.

Steven Walker
Steven Walker (Sep 14, 2021 16:35 CDT)
Steven G. Walker
Director

STATE OF ALABAMA))
COUNTY OF JEFFERSON))

The instrument was acknowledged before me on the 14th day of September 2021.

Ramona M. Leopard
Notary Public, State of Alabama



AFFIDAVIT

The undersigned, Michael G. Temple, Director of West Coast Life Insurance Company, after being duly sworn, does hereby represent, warrant and state unto the State of Nebraska Department of Insurance, as follows:

I have received a copy of the Examination Report of West Coast Life Insurance Company as of December 31, 2019.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed, this the 14th day of September, 2021.

Michael G. Temple
Michael G. Temple (Sep 14 2021 16:34 CDT)

Michael G. Temple
Director

STATE OF ALABAMA)

COUNTY OF JEFFERSON)

The instrument was acknowledged before me on the 14th day of September, 2021.

Ramona M. Leopard
Notary Public, State of Alabama



AFFIDAVIT

The undersigned, Richard J. Bielen, Director of West Coast Life Insurance Company, after being duly sworn, does hereby represent, warrant and state unto the State of Nebraska Department of Insurance, as follows:

I have received a copy of the Examination Report of West Coast Life Insurance Company as of December 31, 2019.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed, this the 14th day of September, 2021.

Richard J Bielen
Richard J Bielen (Sep 14, 2021 09:22 CDT)

Richard J. Bielen
Director

STATE OF ALABAMA)

COUNTY OF JEFFERSON)

The instrument was acknowledged before me on the 14th day of September 2021.

Ramon M. Leopard
Notary Public, State of Alabama

