

MAY 19 2025

FILED

CERTIFICATION

May 19, 2025

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

WOODMEN OF THE WORLD LIFE INSURANCE SOCIETY

AS OF

DECEMBER 31, 2023

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

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





DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

WOODMEN OF THE WORLD LIFE INSURANCE SOCIETY

1700 FARNAM STREET

OMAHA, NE 68102

dated as of December 31, 2023, verified under oath by the examiner-in-charge on
April 18, 2025, and received by the company on April 24, 2025, has been adopted
without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 9th day of May 2025.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

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

Tadd Wegner, CFE
Chief Financial Regulator

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

WOODMEN OF THE WORLD LIFE INSURANCE SOCIETY

as of

December 31, 2023

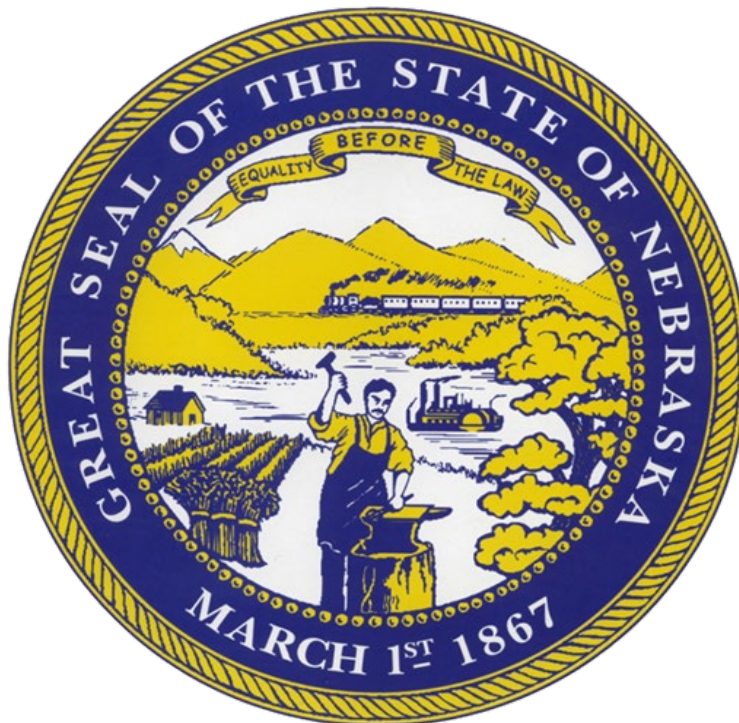


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Omaha, Nebraska
March 24, 2025

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

Dear Sir:

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

**WOODMEN OF THE WORLD LIFE INSURANCE SOCIETY
1700 Farnam Street
Omaha, Nebraska 68102**

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

INTRODUCTION

The State of Nebraska last examined the Society as of December 31, 2018. The current financial condition examination covers the intervening period to, and includes the close of business on December 31, 2023 and such subsequent events and transactions as were considered pertinent to this report. The State of Nebraska participated in this examination and assisted in the preparation of this report.

SCOPE OF EXAMINATION

The examination was conducted pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statutes. The Handbook requires that examiners plan and perform the examination to

evaluate the financial condition and identify prospective risks of the Society by obtaining information about the Society, including but not limited to: corporate governance, identifying and assessing inherent risks within the Society, 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 Nebraska Department of Insurance made a general review of the Society's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Society's history was traced and has been set out in this report under the caption "Description of Society." 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 Society. 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 Board of Directors, and committees held during the examination period were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, and approval of investment transactions were also noted.

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

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

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

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

DESCRIPTION OF SOCIETY

HISTORY

The Society was organized as a Fraternal Benefit Society on June 6, 1890, and commenced business immediately thereafter. The Society was subsequently incorporated under the laws of the State of Nebraska on January 1, 1891 as the Sovereign Camp of the Woodmen of the World. In 1937 the name Woodmen of the World Life Insurance Society and/or Omaha

Woodmen Life Insurance Society was adopted in order to satisfy the insurance department licensing provisions of various western states where a similarly named fraternal benefit society had previously been licensed. Prior to June 2015, all official documents and certificate forms filed in the states of California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington and Wyoming, bore the corporate name of Omaha Woodmen Life Insurance Society. In June 2015, after reaching a settlement with the similarly named fraternal benefit society, The Society changed its name in the aforementioned states to Woodmen of the World Life Insurance Society. Article 3 of the Society's Articles of Incorporation states that, "the Society is a Fraternal Benefit Society, organized under the laws of the State of Nebraska, without capital stock, conducted solely for the benefit of its members and their beneficiaries, and not for profit. It shall be operated on a lodge system based on local chapters with a ritualistic form of work and representative form of government. It shall have all the powers granted by law and shall have perpetual existence..."

The Society is the surviving corporation of five mergers that occurred between 1962 and 2001. Each merger was consummated in accordance with appropriate corporate procedures and under the auspices of proper regulatory authorities. The five fraternal benefit societies absorbed by the Society through the mergers are as follows: The United Order of Golden Cross, of Knoxville, Tennessee effective January 1, 1962; The Mutual Benefit Department of the Order of Railroad Telegraphers, of St. Louis, Missouri effective July 1, 1964; The Supreme Forest Woodmen Circle, of Omaha, Nebraska effective January 1, 1965; The New England Order of Protection, of Boston, Massachusetts effective July 1, 1968; Neighbors of Woodcraft, of Oregon City, Oregon effective July 1, 2001.

Effective October 2, 2001, the Society established WFS Holdings, Inc. (WFS), a wholly owned, for profit entity. WFS then formed Woodmen Financial Services, Inc., a broker-dealer subsidiary, for the purpose of underwriting variable annuity and life products and selling non-proprietary mutual funds. The Society approved the establishment of separate accounts for this purpose.

On July 2, 2003, the Society formed two additional wholly owned subsidiaries. Woodmen Insurance Agency, Inc. was formed as a general insurance agency and Woodmen Mortgage Services, Inc. (Woodmen Mortgage) was formed as a mortgage banking entity. Effective December 31, 2005, the Society discontinued the operations of Woodmen Mortgage.

MANAGEMENT AND CONTROL

Holding Company

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

Woodmen of the World Life Insurance Society
WFS Holdings, Inc.
Woodmen Financial Services, Inc.
Woodmen Insurance Agency, Inc.

National Convention

Article 1, Section 1 of the Society’s Constitution and Laws states that, “the supreme legislative and governing body of WoodmenLife shall be known as the National Convention”. Section 2 of Article 1 also states, “the National Convention shall have plenary, original and appellate jurisdiction in all matters pertaining to the WoodmenLife and its general welfare. It shall have the power to enact laws for its own government, the government and management of

the WoodmenLife in general, and its subordinate bodies and subsidiaries. It shall be the sole judge of its elections and the qualifications of its own National Convention Officers, National Convention Representatives and members of the WoodmenLife.”

Representatives to the National Convention are composed of the Board of Directors, members of the Judiciary and Legislative Committees, Jurisdictional Presidents, Junior Past Presidents and Representatives from Jurisdictions, and each is entitled to one vote.

The Officers of the National Convention are the same people as comprise the Board of Directors of the Society. All such Officers are elected by ballot at the regular session of the National Convention, for a term of four years or until their successors are elected and qualified.

Article 1, Section 5, Paragraph (a) of the Society’s Constitution and Laws states that, “regular sessions of the National Convention shall be held every four years, in the odd-numbered years beginning in 1965, at such time and place as may be elected by the President & CEO of WoodmenLife.” Paragraph (b) of Article 1, Section 5 goes onto state that, “special sessions may be called by the President & CEO at any time and place, when authorized by two-thirds of the entire National Board of Directors. Special sessions shall be called and convened by the President & CEO, within sixty days, at such time and place as may be set forth in a demand therefor in writing by at least two-thirds of the entire National Board of Directors. Paragraph (c) of Article 1, Section 5 goes on to state that, “a majority of the National Convention Representatives entitled to sit in any session of the National Convention shall constitute a quorum to open the National Convention.”

Board of Directors

Article 2, Section 1 of the Society’s Constitution and Laws of the Society states that, “the National Board of Directors shall be composed of the President and CEO (who shall serve as the

Chairman of the National Board of Directors unless determined otherwise in accordance with Article 2, Section 9 (a), of this Constitution and Laws); three (3) Executive Vice Presidents recommended by the President and CEO as part of the nominating process at each National Convention; and up to ten (10) additional members, at least eight of whom shall be Independent National Directors as defined in Article 2, Section 1(b) of this Constitution and Laws.”

Article 2, Section 2, Paragraph (a) of the Society’s Constitution and Laws states that, “all power and authority of the National Convention, when not in session, shall be vested in the National Board of Directors, except as herein elsewhere provided.” Paragraphs (b) of Article 2, Section 2 goes on to state that, “the National Board of Directors may examine the transactions of its member at any time and shall receive such reports from its members as are required of them in this Constitution and Laws. It shall transact any other business rightfully before it.” Paragraph (c) further states that, “it shall have the authority to act on behalf of the National Convention between regular meetings of the National Convention. The National Board of Directors shall have the authority to approve mergers, divestitures, consolidations, and acquisitions, subject to and in accordance with applicable laws, and pursuant thereto has the authority to execute and enter into merger, divestiture, consolidation or any form of acquisition agreements, articles of merger, divestiture or consolidation, certificates of assumption, representations and warranties, as well as any other documents necessary to effectuate a merger, divestiture, consolidation, or any acquisition. The National Board of Directors shall have further authority, subject to and in accordance with applicable laws and any required regulatory approval, to borrow money and issue financial instruments in connection therewith, including, without limitation, promissory notes, surplus notes or such other instruments of indebtedness as approved by the National Board of Directors, and pursuant thereto to enter into, execute and deliver such financing agreements and

instrument for such purposes as the National Board of Directors deems necessary and appropriate, including without limitation, financing to effectuate mergers, divestitures, consolidations, or acquisitions.”

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

<u>Name and Residence</u>	<u>Principal Occupation</u>
Denise M. McCauley Omaha, Nebraska	Chairman of the Board, President and Chief Executive Officer of the Society
Jon R Aerni Omaha, Nebraska	Executive Vice President, Chief Financial Officer of the Society
Cynthia S. Bengtson Bellevue, Nebraska	Executive Vice President, Chief Risk Officer of the Society
James W. Bosler, III Louisville, Kentucky	Physician, Greater Louisville Internal Medicine, PSC
James P. Caldwell Tupelo, Mississippi	Attorney, Riley Caldwell Cork & Alvis, P.A.
Daryl J. Doise Frisco, TX	Executive Vice President and Chief Development Officer, Oceans Healthcare, LLC
Robert T. Maher Omaha, Nebraska	Retired Executive Vice President, Chief Financial Officer of the Society
Stephen K. McMahan Omaha, Nebraska	Executive Vice President, Chief Marketing Officer of the Society
Cathryn B. Mobley Appomattox, Virginia	Retired Associate Vice President for Administration and Finance, Longwood University
Tiffany A. Myers Kevil, Kentucky	Retired Chief Financial Officer, West Kentucky & Tennessee Telecommunications
James W. Shaver Landis, North Carolina	Optometrist, Private Practice
Michael C. Shealy Lexington, South Carolina	President and Co-Owner of Carroll’s Electric Service

Name and Residence**Principal Occupation**

Dwayne H. Tucker
Brentwood, Tennessee

Founder and Chief Executive Officer,
Dwayne Tucker Consulting, LLC

Officers

Article 1, Section 4 of the Society’s Constitution and Laws states that, “the Officers of the National Convention shall be the same persons as comprise the National Board of Directors of the WoodmenLife...” Article 3, Section 1 of the Constitution and Laws also states that, “the President shall be the Chief Executive Officer (CEO) of WoodmenLife and shall report to the Board of Directors. The additional Executive Officers shall be the three Executive Vice Presidents serving on the National Board of Directors pursuant to Article 2, Section 1 of this Constitution and Laws. The National Board of Directors may approve additional Executive Vice Presidents, for appointment by the President and CEO, as may be deemed necessary to manage WoodmenLife.”

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

Name**Office**

Denise M. McCauley
Jon R. Aerni
Stephen K. McMahan
Cynthia S. Bengtson

Chairman, President, and Chief Executive Officer
Executive Vice President, Chief Financial Officer
Executive Vice President, Chief Marketing Officer
Executive Vice President, Chief Risk Officer

National Convention Committees

Article 1, Section 6(a) of the Society’s Constitution and Laws states that, “there are hereby created the following standing committees of the National Convention, the members of which shall be appointed by the President & CEO on the last day of each regular session to serve until the close of the succeeding regular session...” Standing committees provided for are currently the

Legislation Committee and the Judiciary Committee. Section 6(a)(3) further states that “the President and CEO shall have authority to appoint such other standing committees from among the adult benefit members of the Society and/or the then members of the National Convention Representatives as the President and CEO shall see fit, to assist the National Convention in the transaction of business.”

The Legislation Committee is comprised of fifteen National Convention Representatives. The Society’s General Counsel serves as an Ex-Officio member of this committee. Article 9, Section 2(c) of the Constitution and Laws states that, “the (Legislative) Committee shall consider all proposals for amending the Constitution and Laws as may be submitted to it from the General Counsel pursuant to Article 9, Section 2(b)...”

The Judiciary Committee is comprised of not fewer than five, nor more than seven National Convention Representatives. No person can serve for more than two consecutive terms.

Special committees of the National Convention may be appointed by the President & CEO from among the members of the National Convention to serve during that session only.

Committees of the Board

Article 2, Section 4 of the Society’s Constitution and Laws states that, “the Chairman of the National Board may appoint special committees of the National Board of Directors and Chairs of such Committees with the approval of the National Board to expedite work and matters before it for consideration. The standing committees shall be the Audit, Governance, Compensation, Fraternal, Executive and Investment Committees. Members of the standing committees shall be appointed by the Chairman of the National Board on an annual basis, subject to approval by a majority vote of the National Board, and shall be comprised of no fewer than three or greater than eight Independent National Directors.”

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

AUDIT COMMITTEE

Daryl J. Doise - Chair	J. Patrick Caldwell
James W. Bosler, III	Cathryn B. Mobley
Dwayne H. Tucker	Tiffany G. Myers
Robert T. Maher	

COMPENSATION COMMITTEE

Dwayne H. Tucker - Chair	Cathryn B. Mobley
Jon R. Aerni	Daryl J. Doise
Tiffany G. Myers	

FRATERNAL COMMITTEE

Michael C. Shealey - Chair	James W. Bosler, III
Dr. James W. Shaver	Robert T. Maher
C. Shawn Bengston	

GOVERNANCE COMMITTEE

Dr. James W. Shaver - Chair	Michael C. Shealy
Denise M. McCauley	J. Patrick Caldwell
S. Kyle McMahan	

INVESTMENT COMMITTEE

Denise M. McCauley – Chair	Jon R. Aerni
S. Kyle McMahan	C. Shawn Bengston
Chuck R. Driffill -Alternate	Lynn L. Espeland – Alternate
Wilbur Jenkins - Alternate	

EXECUTIVE COMMITTEE

Denise M. McCauley – Chair	Jon R. Aerni
S. Kyle McMahan	C. Shawn Bengston
Chuck R. Driffill -Alternate	Lynn L. Espeland – Alternate
Wilbur Jenkins – Alternate	

TRANSACTIONS WITH AFFILIATES

Capitalization Agreement

The Society filed a capitalization agreement with WFS, whereby the Society commits sufficient capital to WFS to finance its business operations and those of its operating subsidiaries. WFS and each of its subsidiaries, Woodmen Financial Services, Inc. and Woodmen Insurance Agency, Inc., entered into separate capitalization agreements outlining and referencing minimum capital transfers from the Society to WFS and then to the subsidiaries. The Society contributed capital to WFS Holdings, Inc. in the amounts of \$20,000 in 2019, \$220,000 in 2020 and 2021, \$20,000 in 2022, and \$20,000 in 2023.

Service Agreements

The Society filed service agreements, whereby the Society provides professional services, office services, and sales support for operations for each of the subsidiaries, Woodmen Financial Services, Inc. and Woodmen Insurance Agency, Inc. Costs for these services and support under each agreement are invoiced on a monthly basis as established in the allocation method attached to each agreement. The service agreements provide for termination upon default or failure to abide by its terms. Also, either party may terminate at any time by providing the other party thirty days written notice.

The allocated charges for these services during the examination period were as follows:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
WFS Holdings, Inc.	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Woodmen Financial Services, Inc.	\$1,097,600	\$1,064,500	\$1,301,200	\$1,029,300	\$1,053,200
Woodmen Insurance Agency, Inc.	\$ 597,900	\$ 564,300	\$ 491,800	\$ 525,900	\$ 430,300

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Society is licensed to transact business as a fraternal benefit society in all states and the District of Columbia.

Business is produced under the Regional Director Plan. The following represents the composition of the Society's field production force at year-end 2023:

<u>Classification</u>	<u>Number</u>
Regional Directors	24
Recruiting Sales Managers	84
Sales Representatives:	
Full-time	510
Part-time	<u>402</u>
Total Field Force	1,020

Regional Directors and Recruiting Sales Managers are considered to be employees of the Society, while the Sales Representatives are considered statutory employees. All contracts provide incentives to combine production with fraternal development for the mutual benefit of themselves and the Society. During the examination period, one of the Regional Director Marketing Areas was consolidated in efforts to reduce expenses and improve efficiency. Production requirements are in place for both part-time and full-time Field Representatives.

Each Regional Director is responsible for the appointment, training and development of Recruiting Sales Managers who will recruit, train and maintain an effective sales force for the solicitation of application and for the promotion of fraternal activity. They shall also organize and institute local chapters and visit existing chapters in their territory for the purpose of working with the Officers and members of such chapters to increase their membership and activity.

All solicitation contracts are direct with the Society. These contracts provide for commissions, service fees, bonuses and management fees on business produced. In addition, Regional Director and Recruiting Sales Managers contracts provide for override commissions on

business produced by the field force under their management. Training allowance programs are provided for new sales representatives and Recruiting Sales Managers. Additionally, in August of 2023, the Society launched a Medicare Supplement product which is distributed by WoodmenLife Career Agents and for the first time since the founding, Independent Representatives affiliated with Integrity Marketing Group, an Independent Marketing Organization.

REINSURANCE

Ceded

Individual Life MRT and YRT

Currently, reinsurance on all life plans of insurance, except on Fifteen Year Term, Twenty Year Term, and Thirty Year Term issued after October 1, 2016 with a Face Amount greater than \$100,000, is covered under the self-administered Yearly Renewable Term (YRT) excess agreement effective January 1, 2013. Under this agreement, three authorized reinsurers receive a specific percentage of the reinsured risk. Submissions must be new direct agency standard and substandard individual issues of life insurance policies in excess of the Society's regular retention (not to include brokerage business or reinsurance assumed). All such cessions are made on the risk premium basis for the net amount at risk.

Reinsurance on most permanent plans of insurance written prior to 2013 is covered under self-administered Monthly Renewable Term (MRT) excess agreement effective January 1, 2006 and self-administered YRT excess agreement effective March 1, 1995, most recently amended effective March 1, 2001. Under these agreements, three authorized reinsurers receive a specific percentage of the reinsured risk.

A portion of the Society's reinsurance risk on cost-of-living increases continues to be self-administered with four authorized reinsurers. This risk is shared equally with the participating reinsurers.

The Society's current individual life retention limits for both standard and substandard risks are \$400,000 for all members not employed by or representing the Society and \$200,000 for all members employed by or field representatives of the Society. The Society's current waiver of premium disability benefits retention limit is \$1,000,000.

Under the Society's current excess agreement, the overall sum in force and applied for on the same life with all insurance companies must not exceed \$5,000,000. This limit was changed from \$3,000,000 effective January 1, 2006. Limits and conditions for automatic reinsurance under the Society's current excess agreement establish the issue age up to 85 years. This was changed from age 80 effective January 1, 2006. Also, the automatic reinsurance is limited in that standard and substandard written in the United States cannot exceed Table 16 (500% total mortality) or corresponding flat extras. The minimum cession is \$10,000.

Individual Life Coinsurance

Currently, reinsurance on Fifteen Year Term, Twenty Year Term, and Thirty Year Term with a Face Amount greater than \$100,000 is covered under a self-administered automatic coinsurance first dollar quota share agreement between three authorized reinsurers effective October 1, 2016. Each reinsurer receives a specific percentage of the reinsured risk. The Society's retention limit under this agreement is 10% of the face amount of the certificate up to a maximum retention of \$400,000 for non-employees and \$200,000 for employees and field representatives.

A self-administered automatic coinsurance first dollar quota share agreement between two authorized reinsurers was effective between March 1, 2001 and September 1, 2005. This agreement provided coverage for the current Ten Year Term and Twenty Year Term products. Each reinsurer received a specific percentage of the reinsured risk. The Society's retention limit under this agreement was 50% of the face amount of the certificate up to a maximum retention of \$100,000 on any one member. This retention was in addition to the Society's published retention on other life plans of \$400,000 for non-employees and \$200,000 for employees and field representatives. This agreement succeeded an agreement between two authorized reinsurers, which provided coverage for the Ten Year Level Term and Twenty Year Term products issued between March 1, 1999 and March 1, 2001.

Prior to March 1, 1999, self-administered automatic coinsurance agreements with four authorized reinsurers provided coverage for One Year Term and Ten Year Level Term products issued after April 1, 1991. These agreements were amended to provide reinsurance coverage on new One Year Term, Five Year Term, Ten Year Term and Fifteen Year Term products issued after January 1, 1997. The Society's retention limits under these agreements were the same as those set out above, under the self-administered YRT agreements. The automatic limit for cessions under these agreements was \$1,500,000 issues or applied for in all companies. Facultative coverage was provided for in the agreements when applications did not meet the criteria for automatic cession. The liability of the reinsurers was split equally for automatic submissions and as agreed upon for facultative coverage. The liability of the reinsurers was considered several and not joint.

From September 1, 2005 through December 31, 2005, all award term products were reinsured under a MRT agreement with Generali USA Life. The retention was \$100,000 for this

agreement. If there was previous retention on an award term product, that amount was considered when applying the \$100,000 retention so that no more than the maximum of \$100,000 was retained across all award term products.

Accidental Death Benefits

Currently, the Society has an Accidental Death Carve Out Indemnity Reinsurance agreement with SCOR Global Life USA Reinsurance Company effective July 1, 2014. This agreement covers deaths due to accidents or accidental means on all life insurance plans and associated accidental death riders. The agreement covers 100% of losses in a given year above the retention of \$19,500,000. The retention was amended effective January 1, 2016 to be \$13,000,000; effective January 1, 2020 to be \$12,900,000; effective January 1, 2022 to be \$15,130,000; and effective January 1, 2023 to be \$16,120,000.

Individual and Group Disability Income

As of December 31, 1997, the Society's disability income business was limited to three reinsurance contracts with three authorized reinsurers. Each agreement has been terminated as to new business; however, one agreement does allow for new business limited to employee fluctuation within small employee groups.

Administration agreements for servicing the respective books of business are in place with two reinsurers. Services provided include premium billing and collections, claims and policy change processing, preparation of accounting, actuarial and all other records necessary to maintain the existing book of business. Administration fees are included as part of the premiums paid to or retained by the administrator and tied to persistency.

The Society receives a renewal allowance from all three reinsurers. One is based on the previous year loss ratio. Servicing expenses owed to the field representatives are the responsibility of the Society.

Long Term Care

Beginning January 1, 2002, the Society entered into an automatic coinsurance first dollar quota share reinsurance agreement with one authorized reinsurer to cover its new Long Term Care product. The Society retains 50% of the risk up to a maximum daily benefit amount of \$300 as adjusted by an inflation rider. During 2007, this agreement was closed to new business to coincide with the Society discontinuing new sales of its Long Term Care product.

Medicare Supplement

Beginning August 1, 2023, the Society entered into an automatic coinsurance first dollar quota share reinsurance agreement with one authorized reinsurer to cover its new Medicare Supplement product. The Society retains 20% of the risk.

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 Society during the period covered by this examination (in thousands):

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$ 7,543,846	\$ 7,242,317	\$ 7,090,226	\$ 6,942,710	\$ 6,670,197
Mortgage loans	2,049,737	2,165,560	2,173,041	2,305,139	2,366,555
Admitted assets	11,101,466	11,227,563	11,463,650	11,059,801	11,268,038
Aggregate reserves for life contracts	7,712,444	7,566,863	7,407,059	7,360,067	7,284,043
Liability for deposit -type contracts	861,417	864,408	881,631	880,177	862,597
Total liabilities	9,535,960	9,612,975	9,738,606	9,384,955	9,586,192
Surplus	1,565,506	1,614,589	1,725,043	1,674,846	1,681,847
Premium income	772,667	598,914	560,181	634,026	744,395
Net investment income	408,790	382,817	374,495	346,976	374,292
Death benefits	234,203	274,696	306,938	269,599	257,537
Annuity benefits	497,112	322,076	339,687	394,318	543,491
Net income	110,050	12,438	68,580	6,167	12,604
Life insurance in-force	38,548,020	38,818,456	39,181,223	39,254,959	39,445,658

FINANCIAL STATEMENTS

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

FINANCIAL STATEMENT
December 31, 2023

<u>Assets</u>		<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
	<u>Assets</u>		
Bonds	\$ 6,670,196,692		\$ 6,670,196,692
Preferred stocks	140,877,405		140,877,405
Common stocks	553,949,359		553,949,359
Mortgage loans on real estate	2,366,555,278		2,366,555,278
Real estate occupied by the company	15,484,876		15,484,876
Real estate held for production of income	57,676,146		57,676,146
Cash, cash equivalents, and short-term investments	74,634,080		74,634,080
Contract loans	122,475,266	\$ 582,762	121,892,504
Other invested assets	78,816,291		78,816,291
Receivables for securities	5,723,374		5,723,374
Securities lending reinvested collateral assets	<u>167,293,320</u>		<u>167,293,320</u>
Subtotal, cash and invested assets	\$10,303,032,237	\$ 582,762	\$10,302,449,475
Investment income due and accrued	63,725,971	24,802	63,701,169
Uncollected premiums and agents' balances	(2,106,423)	18,267	(2,124,690)
Deferred premiums, agents' balances and installments booked but deferred	6,387,137		6,387,137
Amounts recoverable from reinsurers	2,644,571		2,644,571
Other amounts receivable under reinsurance contracts	26,562		26,562
Electronic data equipment and software	2,020,726		2,020,726
Furniture and equipment	3,611,623	3,611,623	
Prepaid pension expense	209,322,997	209,322,997	
Overfunded pension plan assets	212,921,970	212,921,970	
Prepaid expense	9,456,728	9,456,728	
Fieldworkers balances	4,716,894	4,716,894	
Other miscellaneous assets	2,083,030	2,083,030	
Interest Maintenance Reserve Asset	70,900,269		70,900,269
Group claims paid – not yet allocated	1,136,368	1,136,368	
Chapter escrow	40	40	
Amounts due society	<u>(1,700)</u>	<u>(1,700)</u>	
Total assets excluding separate accounts	\$10,889,879,000	\$443,873,781	\$10,446,005,219
Separate accounts	<u>822,032,964</u>		<u>822,032,964</u>
Totals	<u>\$11,711,911,964</u>	<u>\$443,873,781</u>	<u>\$11,268,038,183</u>

Liabilities, Surplus, and Other Funds

Aggregate reserve for life contracts	\$ 7,284,042,990
Aggregate reserve for accident and health contracts	66,300,000
Liability for deposit-type contracts	862,596,982
Life contract claims	61,051,632
Accident and health contract claims	593,034
Policyholders' dividends and refunds to members apportioned for payment	23,528,034
Premiums and annuity considerations for life and A&H contracts received in advance	815,359
Surrender values on canceled contracts	13,971
Commissions to agents due or accrued - life and annuity contracts	2,193,149
General expenses due and accrued	30,100,468
Transfers to separate accounts	(10,402,996)
Taxes, licenses and fees	3,428,332
Unearned investment income	117,881
Amounts withheld or retained as agent or trustee	2,457,085
Amounts held for agents' account	664,704
Remittances and items not allocated	18,382,494
Liability for benefits for employees and fieldworkers	15,953,475
Asset valuation reserve	150,782,304
Drafts outstanding	1,709,085
Derivatives	27,524,833
Payable for securities	1,871,105
Payable for securities lending	167,306,593
Post-retirement benefit liability	47,563,730
Unfunded ABO liability	1,515,340
Accrued pension	3,215,840
Accounts payable – non expense items	<u>833,338</u>
 Total liabilities excluding separate accounts	 \$ 8,764,158,762
Separate accounts	<u>822,032,964</u>
 Total liabilities	 <u>\$ 9,586,191,725</u>
 Unassigned funds	 <u>\$ 1,681,846,458</u>
 Totals	 <u>\$11,268,038,183</u>

SUMMARY OF OPERATIONS – 2023

Premiums and annuity considerations	\$ 744,394,964
Considerations for supplementary contracts	6,412,953
Net investment income	374,292,311
Amortization of interest maintenance reserve	(8,685,551)
Commissions and expense allowances on reinsurance ceded	4,370,984
Income from fees associated with separate accounts	5,825,435
Charges and fees for deposit-type contracts	12,241
Fraternal service fund income	729,734
Other miscellaneous income	<u>1,648,538</u>
Totals	\$1,129,001,609
Death benefits	\$ 257,537,287
Matured endowments	1,286,828
Annuity benefits	543,490,904
Disability benefits under accident and health contracts	11,223,286
Surrender benefits under life contracts	130,599,500
Interest and adjustments on contract or deposit-type contract funds	36,602,960
Payments on supplementary contracts with life contingencies	9,393,125
Increase in aggregate reserves	<u>(74,899,997)</u>
Totals	\$ 915,233,894
Commissions on premiums, annuity considerations and deposit-type funds	\$ 44,213,139
General insurance expenses and fraternal expenses	144,343,358
Insurance taxes, licenses and fees	7,774,395
Increase in loading on deferred and uncollected premiums	1,253,860
Net transfers to separate accounts net of reinsurance	(17,825,970)
Sales E&O expense	<u>(17,745)</u>
Totals	\$1,094,974,931
Net gain from operations before dividends, Refunds to members	\$ 34,026,679
Dividends to policyholders and refunds to members	24,299,564
Net realized capital gains	<u>2,877,090</u>
Net income	<u>\$ 12,604,205</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Capital and surplus, beginning (in thousands)	\$ 1,432,173	\$ 1,565,506	\$ 1,614,589	\$ 1,725,043	\$ 1,674,846
Net income	\$110,049,730	\$12,437,761	\$ 68,580,406	\$ 6,167,012	\$ 12,604,205
Change in net unrealized capital gains	69,457,277	74,775,273	63,746,924	(149,790,816)	94,777,595
Change in nonadmitted assets	(39,595,128)	23,998,030	(64,345,105)	(139,167,587)	(29,183,038)
Change in reserve on account of change in valuation basis		(4,803,356)			(1,858,701)
Change in asset valuation reserve	(18,463,017)	(12,008,687)	(40,046,309)	115,781,829	(95,764,769)
Additional minimum pension obligation	11,884,102	(45,316,529)	82,518,460	116,812,027	26,425,593
Net change for the year	<u>\$133,332,964</u>	<u>\$49,082,492</u>	<u>\$110,454,376</u>	<u>\$(50,197,535)</u>	<u>\$ 7,000,885</u>
Capital and surplus, ending (in thousands)	<u>\$ 1,565,506</u>	<u>\$ 1,614,589</u>	<u>\$ 1,725,043</u>	<u>\$ 1,674,846</u>	<u>\$ 1,681,846</u>

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$1,681,846,458, as reported in the Society's 2023 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Society's financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

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

COMMENTARY ON CURRENT EXAMINATION FINDINGS

Non-Compliance with By-Laws

Article 2, Section 4 of the Society's Constitution and Laws states that "Members of the standing committees shall be appointed by the Chairman of the National Board on an annual basis, subject to approval by a majority vote of the National Board, and shall be comprised of no fewer than three or greater than eight Independent National Directors." The Society could not provide documentation that shows that Board of Director's Committee members were appointed in 2022. Additionally, the Society provided documentation listing the members of each Board committee, and the members of both the Executive and Investment Committee appear to consist solely of Officers of the Society with no Independent National Directors present. It is recommended that the Society complies with Article 2, Section 4 of its By-Laws and appoints appropriately independent committee members, as well as properly document the appointment of committee members in the Board of Director meeting minutes.

Form D Filing for Service Agreements

Woodmen maintains service agreements with Woodmen Financial Services which were initially filed through a Form D with the Nebraska Department of Insurance. An amendment was made to the agreement with Woodmen Financial Services in 2016 for which a Form D was not filed with the Nebraska Department of Insurance in accordance with Nebraska Revised Statute §44-2133. It is recommended that the Society file any amendments to its service agreements in compliance with Nebraska Revised Statute §44-2133.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

The following comments and recommendations have been made as a result of this examination:

Non-Compliance with By-Laws – It is recommended that the Society complies with Article 2, Section 4 of its By-Laws and appoints appropriately independent committee members, as well as properly document the appointment of committee members in the Board of Director meeting minutes.

Form D Filing for Service Agreements – It is recommended that the Society file any amendments to its service agreements in compliance with Nebraska Revised Statute §44-2133.

ACKNOWLEDGMENT

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

In addition to the undersigned, Skyler Lawyer, CFE, Santosh Ghimire, CFE, Caden Boesiger, AFE, and Lucas Pfeifer, Financial Examiners; Gary Evans, CISA, AES, CFE, Information Systems Specialist; and Michael Muldoon, MAAA, ASA, FCA and Joshua Wearne, Actuarial Examiners; all with the Nebraska Department of Insurance; and Tricia Matson, FSA, MAAA, John Hyde, FSA, MAAA and Nan Nguyen, ASA, MAAA, Actuarial Examiners with Risk & Regulatory Consulting, LLC, participated in this examination and assisted in the preparation of this report.

Respectfully submitted,



Brian Davis, CFE
Examiner-in Charge
Department of Insurance
State of Nebraska

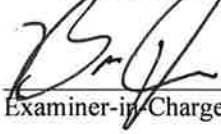
State of Nebraska,

County of Lancaster,

Brian Davis, 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 Woodmen of the World Life Insurance Society
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 Woodmen of the World Life Insurance Society was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

The affiant says nothing further.



Examiner-in-Charge's Signature

Subscribed and sworn before me by Brian Davis on this 18 day of April, 2025.

(SEAL)



Notary Public

My commission expires 8-8-2027 [date].