

CERTIFICATION

September 28, 2015

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

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

SEP 28 2015

FILED

Financial Examination Report of

CENTRAL STATES INDEMNITY CO. OF OMAHA

as of

December 31, 2014

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

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



Bruce R. Ramage
DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Take notice that the proposed report of the financial examination of

CENTRAL STATES INDEMNITY CO. OF OMAHA

dated as of December 31, 2013, verified under oath by the examiner-in-charge on August 25, 2015, and received by the company on August 28, 2015, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3)(a).

Dated this 14 day of September, 2015.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



Justin C. Schrader, CFE
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

CENTRAL STATES INDEMNITY CO. OF OMAHA

as of

December 31, 2014



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Omaha, Nebraska
July 13, 2015

Honorable Bruce R. Ramage
Director of Insurance
Nebraska Department of Insurance
941 "O" Street, Suite 400
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:

CENTRAL STATES INDEMNITY CO. OF OMAHA
1212 North 96th Street
Omaha, Nebraska 68114

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

INTRODUCTION

The Company was last examined as of December 31, 2010 by the State of Nebraska. The current financial condition examination covers the intervening period to, and including, the close of business on December 31, 2014, and includes such subsequent events and transactions as were considered pertinent to this report.

The same examination staff conducted a concurrent financial condition examination of the Company's subsidiary, CSI Life Insurance Company (CSI Life).

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.

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

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed, as were plans for employee welfare and pension. Certificates of

Authority to conduct the business of insurance in the various states were inspected and a survey was made of the Company's general plan of operation.

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

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

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by Deloitte & Touche, LLP, the Company's external auditors, during their audit of the Company's accounts for the year ended December 31, 2013. The December 31, 2013 audit workpapers were reviewed because the December 31, 2014 audit was not completed at the time of this examination. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

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

DESCRIPTION OF COMPANY

HISTORY

The Company was incorporated under the laws of the State of Nebraska on May 20, 1977, and commenced business on June 2, 1977 as a capital stock fire and casualty insurance company.

Effective May 24, 1977, 51.37% of the Company's original stock was acquired by Central States Health & Life Co. of Omaha (CSO) with the remaining shareholders being individuals serving as Directors, Officers, employees or managers of CSO.

On January 16, 1978, Central States of Omaha Companies, Inc. (CSInc), a Nebraska holding company, was formed. In accordance with the "Plan of Exchange" dated January 20, 1978, the shareholders of the Company transferred their respective shares of the Company's stock to CSInc in exchange for all of the outstanding shares of common stock of CSInc.

Effective October 17, 1985, an order issued by the Arizona Insurance Department approved the Company's acquisition of all of the issued and outstanding voting shares (Class "A") of stock of Aksarben Life Insurance Company (Aksarben). Shares of Class "B" stock were issued to credit insurance producers of Aksarben. Class "B" shareholders received the underwriting profits on the business they produce while the investment income was reserved for Class "A" shareholders. In 1988, the Company called the Class "B" shares for redemption and distributed the mutually agreed surplus applicable to them. Aksarben subsequently changed its name to CSI Life.

On November 18, 1992, the Nebraska Department of Insurance approved the application of Berkshire Hathaway, Inc. (BHI) to acquire control of the Company. This resulted in CSO, along with all but four of the other individual shareholders, selling 100% of their interests in

CSInc. At the same time, the remaining four shareholders of CSInc relinquished all but 18% of their interests, which allowed for an 82% acquisition by BHI.

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 2014 Annual Statement, is attached as an addendum to this report. A summary of the organizational chart is included below (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned). The listing includes only direct and indirect parents and subsidiaries of the Company.

Berkshire Hathaway, Inc. (33.53524% owned by Warren E. Buffett)
Central States of Omaha Companies, Inc. (88.41%)
Central States Indemnity Co. of Omaha
CSI Life Insurance Company
CSI Processing, LLC

Shareholder

Article VI of the Company’s Articles of Amendment for Articles of Incorporation states that, “the aggregate number of shares the corporation shall have authority to issue is 2,000,000 shares of common stock of the par value of \$1.45 per share, for total authorized capital stock of \$2,900,000.00.” Company records indicate that 1,793,105 of said shares were issued and outstanding for total paid up capital of \$2,600,002 at December 31, 2014. All such shares were held by CSInc.

The capital stock and paid in and contributed surplus of \$2,600,002 and \$1,821,986, respectively, have not changed during the examination period.

The Company’s By-Laws state that, “all annual meeting of the shareholders shall be held at the office of the Company in Omaha, Nebraska, or at such other place as determined by the

Board of Directors and stated in the notice to shareholders. Such annual meetings shall be held as declared by the Board of Directors and stated in the notice to shareholders, but in no event shall the annual meeting of the shareholders be held later than March 31 of each and every calendar year. At such annual meeting, the Board of Directors shall be elected and such other business transacted as may properly come before the meeting.”

Board of Directors

The Company’s By-Laws provide that, “the property and business of the Company shall be managed by its Board of Directors, consisting of not less than seven nor more than twenty-one persons. The minimum age for a Director shall be eighteen. At the first annual meeting of the shareholders and at each annual meeting thereafter, the shareholders shall elect Directors to hold office until the net succeeding meeting.”

The following persons were serving as Directors at December 31, 2014:

<u>Name and Residence</u>	<u>Principal Occupation</u>
Delmer Dale Browning Golden, Colorado	Retired President and Chief Executive Officer of ProCard, Inc.
John Edward Kizer Omaha, Nebraska	Chairman and President of the Company
Joseph Leslie Kizer Omaha, Nebraska	President of Resource Insurance Consultants
Richard Thomas Kizer Omaha, Nebraska	Chairman of CSO
William McBain Kizer Omaha, Nebraska	Retired Chairman Emeritus of the Company
William Michael Kizer Omaha, Nebraska	Retired President of CSI Life
Kevin John Moran Omaha, Nebraska	Executive Vice President and Treasurer of the Company and CSI Life

Name and Residence

Principal Occupation

William Frederick Ross
Omaha, Nebraska

Retired Senior Vice President of the Company

Officers

The Company's By-Laws state that, "the Officers of the Company shall be a Chairman of the Board, a President, one or more Vice Presidents, the number thereof to be determined by the Board of Directors, a Treasurer and Secretary, or other Officers as may be elected or appointed by the Board of Directors." The Officers are elected at the annual meeting of the Board of Directors.

The following is a listing of Officers elected and serving the Company at December 31, 2014:

Name

Office

John E. Kizer

Chairman of the Board and President

Kevin J. Moran

Executive Vice President and Treasurer

Gary F. Craft

Senior Vice President

William J. Bechaz

Vice President

Kenneth C. Beckman

Vice President, Actuary

Michael H. Jensen

Vice President, Corporate Counsel and Secretary

Thomas B. Schlichting

Vice President, Chief Financial Officer

Committees

The Company's By-Laws state that, "the Board of Directors shall designate from their own number an executive committee and such other committees as in their sole discretion they shall deem necessary and appropriate."

The following persons were serving on the Executive Committee at December 31, 2014:

John E. Kizer

Richard T. Kizer

William McBain Kizer

The following persons were serving on the Investment Committee at December 31, 2014:

John E. Kizer
Thomas B. Schlichting

Kevin J. Moran

The entire Board of Directors was serving on the Audit Committee at December 31, 2014.

TRANSACTIONS WITH AFFILIATES

Administrative Services Agreement – CSInc

The Company has an agreement with its parent, CSInc, which engages the Company to provide CSInc with supervision of all phases of CSInc's operations including accounting, records, and other services to provide for the efficient operation of the business of CSInc. Managerial and consulting services relating to the Company's objectives and policies, selection of professional services, personnel decisions, investment decisions, and production of business and sales promotion are also provided through this agreement. All compensation or expense reimbursements for such services are based upon the actual costs incurred by the Company.

Administrative Services Agreement – CSI Life

The Company entered into an agreement with its subsidiary, CSI Life, effective January 1, 1995 and since amended three times, most recently March 15, 2004. The Company provides CSI Life with supervision of all phases of its insurance operations including underwriting, actuarial studies, claims service, accounting, agents' licensing, records, and other services to provide for the efficient operation of the business. Managerial and consulting services relating to product and policy administration, company objectives and policies, reinsurance contracts, operating territory, selection of professional services, personnel decisions, investment decisions, selection of agents and agency development, and production of business and sales promotion are also provided through this agreement. All compensation or expense reimbursements for such services are based upon the actual costs incurred by the Company.

Administrative Services Agreement – CSI Processing, LLC

Effective May 1, 2002, the Company entered into an agreement with its subsidiary, CSI Processing, LLC (CSI Processing), whereby CSI Processing has appointed the Company as its managing agent. As managing agent, the Company will supervise all phases of CSI Processing's administrative operations, including, but not limited to, pricing, benefit administration services, customer services, accounting, compliance, records, all other services to provide for the efficient operation of the business and managerial services. Any monies collected by the Company of CSI Processing are to be held in a fiduciary capacity. All compensation or expense reimbursement must be fair and reasonable based upon actual cost incurred by the Company to provide such services. Settlement is monthly by the end of the month following the reporting month.

Incentive Plan Expense Reimbursement Agreement

Effective January 1, 2005, the Company entered into an incentive Plan Expense Reimbursement Agreement with its subsidiary, CSI Life. Under this agreement, CSI Life will pay its proportionate share of the actual costs of the Incentive Plan incurred by the Company.

Tax Allocation Agreement

Effective May 25, 1994, the Company became party to a federal income tax allocation agreement with its ultimate parent, BHI. Under this agreement, the consolidated tax liability is allocated among the members of the group who had a positive separate return tax liability in the ratio that each member's separate return tax liability bears to the sum of the separate return tax liabilities of all members of the consolidated group. A complementary method is used which

results in reimbursement by profitable affiliates to loss affiliates for tax benefits generated by loss affiliates.

If the Company incurs a net operating loss in the future year in which the group reports consolidated taxable income, it will be entitled to reimbursement for the income tax benefits attributable to the loss. All federal income taxes allocated to the Company for the current year and two preceding years may be recoverable in the event future net operating losses are reported both for the Company and on a consolidated basis for the group, dependent upon the magnitude of such losses.

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in all states, the District of Columbia, and the provinces of Guam and Puerto Rico.

The Company's direct writings consist of the sale of credit card credit insurance solicited on a direct response basis to customers of financial institutions. These products are designed to make the credit card payments of the cardholders in the event of disability and involuntary of family leave unemployment. This business is packaged jointly with CSO, which provides life coverage. The policies and certificates issued are designed to ensure that involuntary or family leave unemployment and the majority of the group disability lines remain with the Company. The design also provides that the life business be reported directly to CSO, as well as a portion of the group disability business that is underwritten by CSO in a limited number of states. All sales and servicing of clients are managed and directed from the Company's Omaha offices.

The Company is also a direct writer of two types of fixed benefit protection products solicited on a direct response basis. The first is a miscellaneous loss of income product offered to customers of businesses that provide services, such as utility companies. This product is

designed to pay benefits in the event of the customer's loss of employment income due to disability and involuntary or family leave unemployment. Benefits are generally assigned to the service provider to be applied to the customer's account. The second noncredit product is offered to customers of financial institutions and service providers. This product is designed to pay benefits in the event of the customer's death, disability or involuntary unemployment. Benefits are generally paid directly to the individual customers. This product is offered jointly with CSO, which provides life and accidental death coverages. The disability and involuntary unemployment lines remain with the Company. All sales and servicing of clients for the noncredit products are also managed and directed from the Company's Omaha offices.

In 2011, the Company began writing Medicare supplement insurance and intends to grow in this product line. The Company utilizes Insurance Administrative Solutions (IAS) as a third party processor to process claims, issue new policies, and collect premiums. The Company also utilizes AIMC, LLC (AIMC) as a national distributor of its Medicare supplement products.

REINSURANCE

Assumed

Effective January 1, 2003, the Company began assuming 100% of the group involuntary unemployment business written in the State of Texas, or in such other states as mutually agreed upon by the parties, from its affiliate, National Fire & Marine Insurance Company. The ceding company is responsible for the collection of premiums and the payment of all losses and expenses arising from this business. In exchange for this service, the ceding company receives 0.5% of the net written premium, monthly.

Ceded

The Company is ceding 100% of its liability under certain policies of group credit, accident and health and group unemployment insurance and the certificates issued thereunder, and, if applicable, any individual policies of credit accident and health and group unemployment insurance, to the following reinsurers:

Alpine Indemnity LTD (KY)
Banc One Insurance Company (VT)
Pavonia Life Insurance Company of Michigan (MI)
Pavonia Insurance Company of Delaware (DE)
Miami Valley Life Insurance Co. (AZ)
Triton Insurance Company (TX)

Generally, the financial institutions controlling the reinsurers generate the reinsured policies. The reinsurance agreements provide for the reinsurers to assume on a written basis 100% of the Company's liability under said reinsured policies. In exchange for this coverage, the Company agrees to pay 100% of the net written premium which has been received less any program costs as defined in the various agreements. These costs, which may vary by agreement, consist primarily of compensation paid to the producing institution, premium taxes, claims paid, certain other specified costs and a percentage of premium (7.5% to 15%) to cover the Company's cost of program set-up, administration, regulatory compliance, marketing activities, certificate issue, claims administration, and card center assistance and support. Since the maximum cession is not stated in the agreements, the risk coverage is subject to the maximum limits allowed for each credit card issued.

A Company affiliate, National Indemnity Company (NICO), is a member of a voluntary joint underwriting association formed for the purpose of engaging in the business of writing aviation and aerospace insurance and reinsurance and related incidental risks relating to the Global Aerospace Underwriting Pool dated November 27, 2002. Under an agreement with

NICO effective January 1, 2003, the Company is writing specified risks in the States of Hawaii, Louisiana, Massachusetts, New York, Oregon, and the province of Puerto Rico associated with NICO's membership in this joint underwriting association. The Company is then ceding 100% of the liability associated with the policies written. In exchange, the Company receives 0.5% of the net premium written, monthly.

Effective November 1, 2005, the Company entered into a 100% quota share reinsurance agreement with Diversified Casualty Company, Ltd. (Diversified), whereby all business written by the Company through a managing general agency agreement with a Diversified affiliate, Diversified Agrisure Company, is ceded to Diversified. This business covers agricultural irrigation equipment, which is classified as inland marine business. As compensation, the Company receives 4% on all premiums ceded to the reinsurer under the agreement.

Effective October 1, 2009, the Company entered into a 100% quota share reinsurance agreement with Intercona RE SA (Intercona). The agreement provided that all business written by the Company through a program administrator agreement with PurinaCare Insurance Services, Inc. (Purina), be ceded to Intercona. This business covered pet health insurance, which is classified as property and casualty business. In 2013, Purina exited the pet insurance business and sold their block of business. The Company currently mitigates the credit risk under this program through the use of collateral.

Effective September 1, 2011, the Company entered into a quota share reinsurance agreement with General Re Life Corporation, an affiliate, whereby the Company cedes 50% of its Medicare supplement insurance. The business reinsured consists of Medicare Supplement Plans A, B, C, D, F, G, M and N written by the Company.

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Bonds	\$123,611,612	\$113,426,994	\$ 73,722,057	\$101,296,194
Common stocks	114,438,886	160,205,527	219,422,041	237,068,465
Admitted assets	287,043,545	335,051,415	412,274,277	434,991,267
Loss reserves	7,459,443	6,635,190	5,444,846	4,671,386
Total liabilities	37,437,784	49,516,244	66,271,300	71,242,657
Capital and surplus	249,605,761	285,535,171	346,002,981	363,748,609
Premiums earned	29,789,534	31,776,657	42,628,406	50,089,870
Net investment gain	17,126,391	18,193,026	21,224,014	13,559,384
Losses incurred	2,032,274	4,965,813	14,517,794	22,083,800
Net income	12,789,241	13,075,317	17,671,766	11,409,949

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, 2014. The accompanying comments on financial statement 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, 2014

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$101,296,194		\$101,296,194
Preferred stocks	23,406,566		23,406,566
Common stocks	237,068,465		237,068,465
Cash and short-term investments	57,108,471		57,108,471
Other invested assets	<u>5,293,596</u>		<u>5,293,596</u>
Subtotal, cash and invested assets	<u>\$424,173,292</u>		<u>\$424,173,292</u>
Investment income due and accrued	636,277		636,277
Uncollected premiums and agents balances in course of collection	3,039,239	\$ 67,757	2,971,482
Recoverable from reinsurers	2,082,126		2,082,126
Federal income tax recoverable	15,619		15,619
Guaranty funds receivable	11,110		11,110
Electronic data processing equipment	213,755	90,960	122,795
Furniture and equipment	61,824	61,824	
Receivables from affiliates	4,512,445		4,512,445
Other amounts receivable	341,279	341,279	
Due from reinsurer	350,802		350,802
Account receivable	492,151	492,151	
Miscellaneous assets	<u>115,319</u>		<u>115,319</u>
Totals	<u>\$436,045,238</u>	<u>\$1,053,971</u>	<u>\$434,991,267</u>

Liabilities, Surplus, and Other Funds

Losses	\$ 4,671,386
Loss adjustment expenses	283,507
Commissions payable	5,241,839
Other expenses	1,516,162
Taxes, licenses and fees	523,376
Net deferred tax liability	51,515,315
Unearned premiums	1,417,003
Advance premium	402,395
Ceded reinsurance premiums payable	1,813,801
Funds held by company under reinsurance treaties	4,496
Amounts withheld for account of others	64,766
Drafts outstanding	217,693
Due to Central States Health & Life Co. of Omaha	187,614
Due to reinsurer	96,234
Expense payable on behalf of subsidiaries	3,094,450
Miscellaneous liability	103,476
Policy reserve on guaranteed renewable A&H business	<u>89,144</u>
Total liabilities	<u>\$ 71,242,657</u>
Common capital stock	\$ 2,600,002
Gross paid in and contributed surplus	1,821,986
Unassigned funds (surplus)	<u>359,326,621</u>
Total capital and surplus	<u>\$363,748,609</u>
Totals	<u>\$434,991,266</u>

STATEMENT OF INCOME – 2014

Underwriting Income

Premiums earned	<u>\$50,089,870</u>
Losses incurred	\$22,083,800
Loss adjustment expenses incurred	270,432
Other underwriting expenses incurred	27,122,212
Policy reserve on guaranteed renewable A&H business	<u>88,239</u>
Total underwriting deductions	<u>\$49,564,683</u>
Net underwriting gain	<u>\$ 525,187</u>

Investment Income

Net investment income earned	\$11,899,331
Net realized capital gain	<u>1,660,053</u>
Net investment gain	<u>\$13,559,384</u>

Other Income

Miscellaneous income	\$ 129,957
Investment expense on funds held	<u>(1,744)</u>
Total other income	<u>\$ 128,213</u>
Net income before federal income taxes	\$14,212,784
Federal income taxes incurred	<u>2,802,835</u>
Net income	<u>\$11,409,949</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Capital and surplus, beginning	\$235,212,305	\$249,605,759	\$285,535,166	\$346,002,978
Net income	\$ 12,789,241	\$ 13,075,317	\$ 17,671,766	\$ 11,409,949
Change in net unrealized capital gains	1,545,355	21,008,468	40,387,387	9,106,296
Change in unrealized foreign exchange capital gains	861,250	211,250	503,750	(2,128,750)
Change in net deferred income tax	(704,542)	555,222	301,400	213,851
Change in nonadmitted assets	867,101	295,407	1,000,269	418,322
Correction of errors	271,978			(69,373)
Pension adjustment SSAP 89	<u>(1,236,929)</u>	<u>783,743</u>	<u>603,240</u>	<u>(1,204,667)</u>
Net change for the year	<u>\$ 14,393,454</u>	<u>\$ 35,929,407</u>	<u>\$ 60,467,812</u>	<u>\$ 17,745,628</u>
Capital and surplus, ending	<u>\$249,605,759</u>	<u>\$285,535,166</u>	<u>\$346,002,978</u>	<u>\$363,748,606</u>

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$359,326,621, as reported in the Company's 2014 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

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

COMMENTARY ON CURRENT EXAMINATION FINDINGS

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

SUMMARY OF COMMENTS AND RECOMMENDATIONS

There were no findings warranting comment as a result of this examination.

ACKNOWLEDGEMENT

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

In addition to the undersigned, Derek Petersen, CFE, MCM, Brian Davis, Ross Pedersen, Financial Examiners; Linda Scholl, CFE, CISA, Information Systems Specialist; and Rhonda Ahrens, FSA, MAAA, Actuarial Specialist; all with the Nebraska Department of Insurance, participated in this examination and assisted in the preparation of this report.

Respectfully submitted,



Isaak Russell, CFE
Supervisory Examiner
Department of Insurance
State of Nebraska

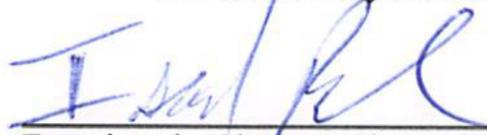
State of Nebraska,

County of Lancaster,

Isaak Russell, being duly sworn, states as follows:

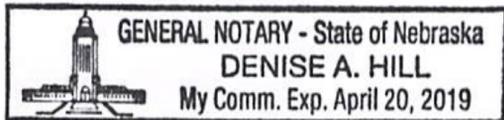
1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of Central States Indemnity Company and CSI Life Insurance Company.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Central States Indemnity Company and CSI 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.

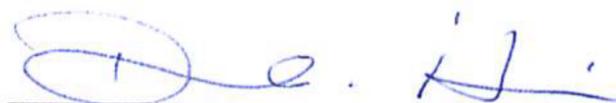
The affiant says nothing further.


Examiner-in-Charge's Signature

Subscribed and sworn before me by Isaak Russell on this 25 day of Aug, 2015.

(SEAL)




Notary Public

My commission expires 4-20-19 [date].