

CERTIFICATION

June 26, 2015

I, Bruce R. Range, 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, 2013

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.



STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

JUN 26 2015

FILED

Bruce R. Range

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Take notice that the proposed report of the financial examination of

WOODMEN OF THE WORLD LIFE INSURANCE SOCIETY

dated as of December 31, 2013, verified under oath by the examiner-in-charge on June 3, 2015, and received by the company on June 12, 2015, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3)(a).

Dated this 23 day of June, 2015.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE


Justin Schrader
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

WOODMEN OF THE WORLD LIFE INSURANCE SOCIETY

as of

December 31, 2013



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Omaha, Nebraska
May 22, 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:

WOODMEN OF THE WORLD LIFE INSURANCE SOCIETY
also known as
OMAHA WOODMEN 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 Society was last examined as of December 31, 2009 by the State of Nebraska. The current financial condition examination covers the intervening period to, and including, the close of business on December 31, 2013, and includes 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

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 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.

A general review was made 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, approval of investment transactions and authorizations of salaries 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 year ended December 31, 2013. 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. The current name, Woodmen of the World Life Insurance Society and/or Omaha

Woodmen Life Insurance Society, was adopted in 1937, in order to satisfy the insurance department licensing provisions of various western states that a similarly named fraternal benefit society had previously been licensed. All official documents and certificate forms filed in the states of California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington and Wyoming, bear the corporate name of Omaha Woodmen Life Insurance Society. Article 3 of the Society's Articles of Incorporation states that, "this 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 with 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; and 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 2013 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 and/or
Omaha Woodmen Life Insurance Society
 WFS Holdings, Inc.
 Woodmen Financial Services, Inc.
 Woodmen Insurance Agency, Inc.

National Convention

Article 1 of the Constitution and Laws states that, “the supreme legislative and governing body of the Society shall be known as the National Convention. The National Convention shall have plenary, original and appellate jurisdiction in all matters pertaining to the Society and its general welfare. It shall have the power to enact laws for its own government, the government and management of the Society in general, and its subordinate bodies and subsidiaries.” The National Convention shall be the sole judge of its elections and the qualifications of its own National Convention Officers, National Convention Representatives and members of the Society.

It may, by itself when in session, or through the Board of Directors when the not in session, by two-thirds vote of either body, suspend or remove any of its National Convention Representatives or members for violating any of the laws of the Society or any other act which would bring reproach upon the National Convention, the Society, or any of its National Convention Representatives or members, or for any other good and sufficient cause.

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, each entitled to one vote.

The Officers of the National Convention are the same 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.

Regular sessions of the National Convention are held every four years, in the odd number years beginning in 1965, at such time and place as may be elected by the President of the Society. Special sessions may be called by the President at any time and place, when authorized by two-thirds of the entire Board of Directors. A majority of the representatives entitled to sit in any session of the National Convention shall constitute a quorum. A simple majority of those present and voting shall be sufficient to decide all motions and other issues rightly before it, except as otherwise provided in the Constitution and Laws.

Board of Directors

Article 2, Section 1 of the Constitution and Laws of the Society states that, “the Board of Directors shall be composed of the Chairman, President and CEO; Executive Vice President, Fraternal; Executive Vice President, Operations and Secretary; Executive Vice President, Finance and Treasurer; and ten additional members, at least eight of whom shall be outside and

independent Directors and shall not be current or retired home office or field associates of the Society.”

All power and authority of the National Convention, when not in session, shall be vested in the Board of Directors, except as elsewhere provided in the Constitution of Laws. The Board may examine the transactions of its member at any time and shall receive such reports therefrom as are required of them in the Constitution and Laws. The Board shall have the authority to act on the behalf of the National Convention; provided that any amendment to the Constitution and Laws so enacted by it shall be enacted by two-thirds vote and shall not be in force and effect until approved by two-thirds of the members of the National Convention, at a special or regular session thereof, or by means of a referendum. The 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, representation sand warranties, as well as any other documents necessary to effectuate a merger, divestiture, consolidation, or any acquisition. The 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 Board of Directors, and pursuant thereto, to enter into, execute and deliver such financing agreements and instrument for such purposes as the Board of Directors deems necessary and appropriate, including without limitation, financing to effectuate mergers, divestitures, consolidations, or acquisitions. It shall also have authority to make rules and regulations for the orderly operation of Lodges and Jurisdictions, which shall

include changes in the By-Laws and Rules of Order of subordinate unites of the Society, provided such changes do not conflict with the Constitution and Laws.

The following persons were serving as Directors at December 31, 2013:

<u>Name and Residence</u>	<u>Principal Occupation</u>
Larry R. King Omaha, Nebraska	Chairman of the Board, President and Chief Executive Officer of the Society
Ronald H. Aldridge Jackson, Mississippi	Attorney
James W. Bosler, III Louisville, Kentucky	Physician
James W. Bridges, Jr. Las Vegas, Nevada	Retired Executive Vice President, Fraternal of the Society
Danny E. Cummins Troup, Texas	Retired, President and Chief Executive Officer of the Society
Patrick L. Dees Omaha, Nebraska	Executive Vice President, Fraternal of the Society
Daryl J. Doise Sunset, Louisiana	Chief Development Officer of Central Control, Inc.; President and Owner of BDS Partners, LLC
Wesley A. Dodd, Jr. Cornelia, Georgia	Chief Financial Officer, Habersham Metal Products Company
Pamela J. Hernandez Omaha, Nebraska	Executive Vice President, Operations and Secretary of the Society
Robert T. Maher Omaha, Nebraska	Executive Vice President, Finance and Treasurer of the Society
Patricia L. Metheny Durant, Oklahoma	Retired Teacher
Daniel W. Rice, III Kinston, North Carolina	Retired Director of Community Service at the North Carolina Department of Health and Human Services
Mark L. Schreier Papillion, Nebraska	Retired Executive Vice President, Finance and Treasurer of the Society

Name and Residence

Principal Occupation

James W. Shaver
Landis, North Carolina

Optometrist

Michael C. Shealy
Lexington, South Carolina

President and Co-Owner of Carroll's Electric Service
and Operator of CarrMike Builders

Officers

Article 3, Section 1 of the Constitution and Laws states that, "the Officers of the National Convention shall be the same persons as comprise the Board of Directors of the Society... The President shall be the Chief Executive Officer (CEO) of the Society and shall report to the Board of Directors. The additional Executive Officers shall be the Executive Vice President/Fraternal, the Executive Vice President/Operations and Secretary, and the Executive Vice President/Finance and Treasurer. The Executive Vice Presidents shall report to the President; should a vacancy occur, the President shall appoint the Executive Vice President, subject to ratification by and approval of the Board of Directors; and, the President shall recommend the Executive Vice Presidents, as part of the nominating process at each National Convention." The President shall have general supervision over the affairs of the Society.

The following is a listing of Senior Officers elected and serving the Society at December 31, 2013:

Name

Office

Larry R. King
Patrick L. Dees
Pamela A. Hernandez
Robert T. Maher

President and Chief Executive Officer
Executive Vice President, Fraternal
Executive Vice President, Operations and Secretary
Executive Vice President, Finance and Treasurer

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 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. Additional standing committees may be appointed by the President from among the adult members of the Society and/or the then members of the National Convention 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 10, Section 2(b) 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."

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 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 Board may appoint special committees of the Board and Chairs of such Committees with the approval of the Board to expedite work and matters before it for consideration. The three standing committees shall be the Audit, Governance, and Compensation Committees. Members

of the standing committees shall be appointed by the Chairman of the Board on an annual basis, subject to approval by a majority vote of the Board, and shall be comprised of no fewer than three nor greater than eight Board members who are not members of the Executive Committee and are not current or retired home office or field associates.”

The following persons were serving on the following committees at December 31, 2013:

AUDIT COMMITTEE

Wesley A. Dodd, Jr. - Chair	Ronald H. Aldridge
James W. Bosler, III	Daryl J. Doise
Patricia L. Metheny	Daniel W. Rice, III
James W. Shaver	Michael C. Shealy

COMPENSATION COMMITTEE

James W. Bosler, III- Chair	Wesley A. Dodd, Jr.
Daniel W. Rice, III	James W. Shaver
Michael C. Shealy	

GOVERNANCE COMMITTEE

Daniel W. Rice, III- Chair	James W. Bosler, III
Wesley A. Dodd, Jr.	Pamela J. Hernandez
Larry R. King	James W. Shaver
Michael C. Shealy	

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 of \$1,110,000 in 2010; \$1,010,000 in 2011; \$520,000 in 2012; and \$500,000 in 2013 to WFS under this agreement.

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
WFS Holdings, Inc.	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Woodmen Financial Services, Inc.	944,600	928,600	864,300	909,400
Woodmen Insurance Agency, Inc.	498,500	545,200	551,300	620,300

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 State Manager Plan. The following represents the composition of the Society's field production force at year-end 2013:

<u>Classification</u>	<u>Number</u>
State Managers	29
Area Managers	122
Field Representatives:	
Full-time	690
Part-time	<u>391</u>
Total Field Force	1,232

State Managers and Area Managers are considered to be employees of the Society, while the Field 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, some of the State Manager Marketing Areas have been consolidated in efforts to reduce expenses and improve efficiency. Production requirements have been implemented for full-time Field Representatives which have reduced the number of full-time and have increased the number of part-time Field Representatives.

Each State Manager is responsible for the appointment, training and development of Area Managers who will recruit, train and maintain an effective field 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, State and Area Manager contracts provide for overwrite commissions on business produced by the field force under their management. Training allowance programs are provided for new representatives and Area Managers.

REINSURANCE

Ceded

Individual Life MRT and YRT

Currently, reinsurance on all life plans of insurance is covered under the self-administered MRT 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 YRT excess agreements effective January 1, 2006 and 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

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 or field representatives 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 Tem 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

The Society has an automatic bulk Accidental Death Benefit reinsurance agreement in force with an authorized reinsurer effective August 1, 1984. This agreement includes coverage for all in force riders to life and hospital certificates as of the date of the agreement. The agreement was amended effective September 1, 1986 to include coverage issues in conjunction with the Society's Hospital Confinement Indemnity certificates. Effective January 1, 2002, it was amended to discontinue the accidental death coverage issued in conjunction with the Hospital Confinement Indemnity certificates.

The maximum issue limit hereunder is \$300,000, any one life, with a Society retention of \$50,000, and an automatic cession limit of \$250,000.

This agreement does not provide coverage for dismemberment and loss of sight benefits.

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.

Group Life Insurance

Beginning January 1, 2007, the Society entered into a reinsurance agreement with one authorized reinsurer to cover 100% of its group life exposure. Group life exposure arises because the Society self-insures all of its group life insurance coverage extended to home office employees, field associates, and retirees.

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:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Bonds	\$6,018,206,814	\$6,263,377,632	\$6,587,791,302	\$ 6,740,837,166
Admitted assets	8,570,567,800	9,340,672,299	9,517,446,944	10,067,532,553
Aggregate reserves for:				
Life contracts	6,287,037,962	6,616,723,379	6,989,186,212	7,249,737,811
A&H contracts	28,707,264	30,626,872	32,504,984	34,681,490
Total liabilities	7,671,064,644	8,536,162,438	8,655,215,304	9,005,494,845
Surplus	899,503,156	804,509,861	862,231,640	1,062,037,708
Premium income	747,996,439	746,010,123	806,688,014	726,457,984
Net investment income	410,885,577	417,157,466	419,255,499	416,729,340
Death benefits	172,934,626	178,049,881	184,689,963	189,300,309
Annuity benefits	172,656,530	178,171,826	189,632,277	219,335,113
Net income	43,386,920	35,116,136	28,776,092	62,149,182
Life insurance in-force (in thousands)	774,138	761,187	752,947	744,867

FINANCIAL STATEMENTS

The following statement of admitted assets and liabilities, together with the accompanying summary of operations, reflects the financial condition of the Society at December 31, 2013 and its transactions during the year 2013 as determined through this examination. A reconciliation of the capital and surplus account for the period under review is also included.

FINANCIAL STATEMENT
December 31, 2013

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$ 6,740,837,166		\$ 6,740,837,166
Common stocks	566,943,655		566,943,655
Mortgage loans on real estate	1,653,161,490		1,653,161,490
Real estate occupied by the company	24,703,844		24,703,844
Real estate held for production of income	58,355,771	\$ 85,131	58,270,640
Real estate held for sale	2,100,000		2,100,000
Cash	167,283,160		167,283,160
Contract loans	166,584,265	911,128	165,673,137
Derivatives	475,621		475,621
Other invested assets	11,148,744		11,148,744
Receivables for securities	378,188		378,188
Securities lending reinvested collateral assets	<u>238,527,366</u>		<u>238,527,366</u>
Subtotal, cash and invested assets	\$ 9,630,499,270	\$ 996,259	\$ 9,629,503,011
Investment income due and accrued	78,520,904	623,601	77,897,303
Uncollected premiums and agents' balances	(127,407)	273	(127,680)
Amounts recoverable from reinsurers	1,932,629		1,932,629
Other amounts receivable under reinsurance contracts	54,037		54,037
Electronic data equipment and software	1,145,273		1,145,273
Furniture and equipment	11,809,479	11,809,479	
Overfunded pension plan assets	48,210,404	48,210,404	
Prepaid pension expense	107,282,123	107,282,123	
Fieldworkers balances	10,475,916	10,475,916	
Prepaid expense	5,477,628	5,477,628	
Other miscellaneous assets	2,390,373	2,390,373	
Group claims paid – not yet allocated	748,706	748,706	
Chapter escrow	357,045	357,045	
Amounts due society	<u>250,409</u>	<u>250,409</u>	
Total assets excluding separate accounts	\$ 9,899,026,789	\$188,622,216	\$ 9,710,404,573
Separate Accounts	<u>357,127,980</u>		<u>357,127,980</u>
Totals	<u>\$10,256,154,769</u>	<u>\$188,622,216</u>	<u>\$10,067,532,553</u>

Liabilities, Surplus, and Other Funds

Aggregate reserve for life contracts	\$ 7,249,737,811
Aggregate reserve for accident and health contracts	34,681,490
Liability for deposit-type contracts	756,034,241
Life contract claims	32,838,592
Accident and health contract claims	925,045
Provision for refunds payable apportioned for payment	65,315,000
Premiums received in advance	1,540,434
Surrender values on canceled contracts	246,791
Interest maintenance reserve	20,313,081
Life commissions to fieldworkers	3,708,630
Accident and health commissions to fieldworkers	40,833
General expenses	19,799,001
Transfers to Separate Accounts	(2,120,017)
Taxes, licenses and fees	3,356,898
Unearned investment income	29,894
Amounts withheld or retained by Society	3,333,948
Amounts held for fieldworkers' account	73,186
Remittances and items not allocated	10,673,752
Liability for benefits for employees and fieldworkers	13,768,350
Asset valuation reserve	143,311,414
Drafts outstanding	2,076,855
Payable for securities lending	238,335,765
Additional minimum pension	5,223,978
Post-retirement benefit	43,959,685
Collateral deposit	150,000
Accounts payable – non expense items	<u>1,012,208</u>
Total liabilities excluding separate accounts	\$ 8,648,366,865
Separate Accounts	<u>357,127,980</u>
Total liabilities	<u>\$ 9,005,494,845</u>
Unassigned funds	<u>\$ 1,062,037,708</u>
Totals	<u>\$10,067,532,553</u>

SUMMARY OF OPERATIONS – 2013

Premiums and annuity considerations	\$ 726,457,984
Considerations for supplementary contracts	8,367,567
Net investment income	416,729,340
Amortization of interest maintenance reserve	7,143,099
Commissions and expense allowances on reinsurance ceded	205,412
Income from fees associated with separate accounts	985,378
Charges and fees for deposit-type contracts	12,740
Fraternal service fund income	9,505,681
Other miscellaneous income	<u>198,165</u>
 Totals	 \$1,169,605,366
 Death benefits	 \$ 189,300,309
Matured endowments	2,381,627
Annuity benefits	219,335,113
Disability benefits under accident and health contracts	10,402,159
Surrender benefits under life contracts	132,026,756
Interest and adjustments on contract or deposit-type contract funds	32,726,030
Payments on supplementary contracts with life contingencies	9,149,378
Increase in aggregate reserves	<u>258,425,930</u>
 Totals	 \$ 853,747,302
 Commissions on premiums, annuity considerations and deposit-type funds	 \$ 49,130,178
General insurance expenses and fraternal expenses	148,747,850
Insurance taxes, licenses and fees	6,914,622
Net transfers to separate accounts net of reinsurance	10,643,741
Other employee benefits	<u>253,660</u>
 Totals	 \$1,069,437,353
 Net gain from operations before refunds to members and capital gains	 \$ 100,168,013
 Refunds to members	 (66,083,604)
Net realized capital gains	<u>28,064,773</u>
 Net income	 <u>\$ 62,149,182</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Capital and surplus, beginning	<u>\$823,307,507</u>	<u>\$899,503,158</u>	<u>\$804,509,862</u>	<u>\$ 862,231,640</u>
Net income	\$ 43,386,920	\$ 35,116,136	\$ 28,776,092	\$ 62,149,182
Change in net unrealized capital gains	66,334,408	(55,672,020)	43,568,283	98,833,331
Change in nonadmitted assets	(1,887,603)	(52,256,818)	6,838,075	(73,700,606)
Change in reserve based on valuation basis				(4,302,174)
Change in asset valuation reserve	(21,287,654)	13,427,243	(46,843,019)	9,551,531
Additional minimum pension obligation	(10,350,420)	(69,095,644)	25,382,347	119,578,573
Securities lending loss contingency		29,737,807		
Release provision for refunds on annuities and deposit funds		3,750,000		
Interest only securities correction	_____	_____	_____	(12,303,769)
Net change for the year	<u>\$ 76,195,651</u>	<u>\$(94,993,296)</u>	<u>\$ 57,721,778</u>	<u>\$ 199,806,068</u>
Capital and surplus, ending	<u>\$899,503,158</u>	<u>\$804,509,862</u>	<u>\$862,231,640</u>	<u>\$1,062,037,708</u>

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$1,062,037,708, as reported in the Society's 2013 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

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 Society during this examination is hereby acknowledged.

In addition to the undersigned, Derek J. Petersen, CFE, MCM, and Kimmea L. Shannon, Financial Examiners; Gary E. Evans, CISA, AES, CFE, Information Systems Specialist; and Rhonda K. Ahrens, FSA, MAAA, Actuarial Examiner; all with the Nebraska Department of Insurance, participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Isaak J. Russell", written over a horizontal line.

Isaak J. 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 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.

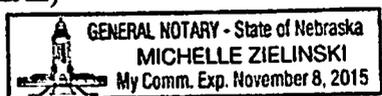


Examiner-in-Charge's Signature

Subscribed and sworn before me by Isaak Russell ^{3rd} on this Tuesday day of June, 20 15.



(SEAL)



Notary Public

My commission expires Nov 8, 2015 [date].