CERTIFICATION

June 27, 2014

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

Financial Examination Report of

THE UNION CENTRAL LIFE INSURANCE COMPANY

as of

December 31, 2012

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 NEBRSKA
DEPARTMENT OF INSURANCE
JUN 27 2014
FILED

DEPARTMENT OF INSURANCE STATE OF NEBRASKA
SEAL

Bruce R. Ramge
DIRECTOR OF INSURANCE

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

The Union Central Life Insurance Company

as of

December 31, 2012

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Lincoln, Nebraska
May 22, 2014

Honorable Joseph Torti III
Chair, Financial Condition (E) Committee, NAIC
Deputy Director and Superintendent of Insurance
Rhode Island Division of Insurance
1511 Pontiac Avenue, Bldg #69-2
Cranston, Rhode Island 02920

Honorable Thomas B. Leonardi
Chair, Northeast Zone, N.A.I.C
Connecticut Insurance Department
153 Market Street, 7th Floor
Hartford, Connecticut 06103

Honorable Ted Nickel
Chair, Midwest Zone, N.A.I.C.
Commissioner of Insurance
State of Wisconsin
Office of the Commissioner of Insurance
125 South Webster Street
Madison, Wisconsin 53703-3474

Honorable Chester A. McPherson
Interim Commissioner of Insurance
Government of the District of Columbia
Department of Insurance, Securities, and Banking
810 First Street, N.E., Suite 701
Washington, DC 20002

Honorable Bruce R. Ramge
Director of Insurance
Nebraska Department of Insurance
941 "O" Street, Suite 400
Lincoln, Nebraska 68508

Dear Sirs:

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

THE UNION CENTRAL LIFE INSURANCE COMPANY

which has its Statutory Home Office located at

5900 "O" Street
Lincoln, Nebraska 68510

with its Principal Executive Office located at

1876 Waycross Road
Cincinnati, Ohio 45240

(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, 2008, by the State of Ohio Department of Insurance. The current financial condition examination covered the intervening period to, and including, the close of business on December 31, 2012, and includes such subsequent events and transactions as were considered pertinent to this report. The State of Nebraska and the District of Columbia, participated in this examination and assisted in the preparation of this report. The same examination staff conducted concurrent financial examinations of the Company's affiliates Ameritas Life Insurance Corp. (Ameritas), and Acacia Life Insurance Company (Acacia).

SCOPE OF EXAMINATION

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

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

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

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

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed, as were plans for employee welfare and pension. 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 and Touche, LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2011 and 2012. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

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

DESCRIPTION OF COMPANY

HISTORY

Founded in 1867, the Company was the first life insurance company chartered in the state of Ohio. Dr. John Pascal Paoli Peck, a physician turned businessman, started the Company with his own funds and stock capitalization from the leaders of thriving Cincinnati businesses, including W.A. Procter and James Gamble of Procter and Gamble. In the mid-1960s, the Company entered the disability income insurance business, and today offers products for individuals and businesses. A broker dealer was created in the 1980s, and the focus of the 1990s was bringing leading-edge products to market swiftly, such as variable universal life and second-to-die life insurance.

Effective January 1, 2006, Ameritas Acacia Mutual Holding Company and Union Central Mutual Holding Company merged to form UNIFI Mutual Holding Company (UNIFI). In a concurrent event the Company was converted from an Ohio mutual life insurance company to an Ohio stock life insurance company, wholly owned by UNIFI. Also in a concurrent event, the capital stock of the Company was contributed to UNIFI's wholly-owned holding company, Ameritas Holding Company.

On April 17, 2009, the Ohio Department of Insurance approved the Company becoming a wholly owned subsidiary of Ameritas. On April 22, 2009, the Nebraska Department of Insurance approved the re-domestication of the Company from Ohio to Nebraska. Together, these two actions resulted in the reorganization of the Company as a Nebraska subsidiary of Ameritas effective April 22, 2009 of which the statement value of the Company stock that was transferred to Ameritas was $127,357,586 at the valuation date of March 31, 2009.

Effective May 2, 2012 UNIFI's name was changed to Ameritas Mutual Holding Company (AMHC).

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 2012 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

- Ameritas Mutual Holding Company
  - Ameritas Holding Company
    - Summit Investment Advisors, Inc.
      - Ameritas Mortgage Funding, Inc.
    - Paycor, Inc. (19.27%)
    - Ameritas Life Insurance Corp.
      - Ameritas Investment Corp. (80%)
      - Ameritas Life Insurance Corp. of New York
      - Ameritas Charitable Foundation (controlling interest)
      - Brokers National Life Assurance Company
      - The Union Central Life Insurance Company
        - PRBA, Inc.
          - PRB Administrators, Inc.
      - Acacia Life Insurance Company
        - Griffin Realty, LLC
          - Estate of Marlboro Riding, LLC
        - Acacia Federal Savings Bank (85.21% Acacia, 14.79% Ameritas)
        - Calvert Investments, Inc.
          - Calvert Investment Management, Inc.
          - Calvert Investment Administrative Services, Inc.
          - Calvert Investment Distributors, Inc.
          - Calvert Investment Services, Inc.
        - The Acacia Foundation (controlling interest)

Shareholder

Article VI, Section 1, of the Company's Amended and Restated Articles of Incorporation provides that, "the annual meeting of the shareholders shall be held at the Home Office of the Company on such day and at such time of day as may be determined by the Board of Directors, but in no event later than June 30, of each year."

Article IV, Section 1 of the Company's Amended and Restated Articles of Incorporation provides that, "the total number of shares which the Company has authority to issue is 10 million shares of capital stock, having a par value of $1.00 per share, of which 2,500,000 shall be shares of common stock." All of the issued capital stock of the Company is held by Ameritas an affiliate in the AMHC structure.

In conjunction with the reorganization resulting in the Company becoming a subsidiary of Ameritas, the Company received several capital contributions. The Company received two $50 million capital contributions on April 23, 2009 and June 17, 2009, and a $25 million capital contribution on December 22, 2009 from its parent Ameritas.

Surplus Notes

The Company issued $50 million in surplus notes on November 1, 1996. These notes, underwritten by Merrill Lynch & Co. with the trustee as Bank of New York, have a fixed interest rate of 8.20% and mature on November 1, 2026.

On September 30, 2009, a $25 million surplus note issued by the Company to the Ameritas, as a part of an intercompany surplus note agreement, was cancelled and reclassified as a capital contribution to Ameritas.

Board of Directors

Article V, Section 1, of the Amended and Restated Articles of Incorporation, provides that "the business and affairs of the Company shall be conducted by a Board of Directors numbering not less than five, as the By-Laws of the Company shall provide. At least one Director shall be resident of Nebraska. The term of office of each Director shall be one year and until his or her successor shall be elected and qualified."

The following persons were serving as Directors at December 31, 2012:

Name and Residence	Principal Occupation
Dale Donald Johnson Cincinnati, OH	Senior Vice President and Corporate Actuary Ameritas Life Insurance Corp.
William Wallace Lester Lincoln, Nebraska	Executive Vice President and Corporate Treasurer, Ameritas Life Insurance Corp.
JoAnn Marie Martin Lincoln, Nebraska	President and Chief Executive Officer, Ameritas Life Insurance Corp.
Timothy Lynn Stonehocker Lincoln, Nebraska	Executive Vice President, Ameritas Life Insurance Corp.
Steven Joseph Valerius Cincinnati, Ohio	President, The Union Central Life Insurance Company

Officers

Article IV of the Company's Amended and Restated By-Laws provides that, "the Officers of the Company shall be a Chair of the Board, a Chief Executive Officer, a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. Such other Officers and assistant Officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except that the Chair or President cannot also hold the office of Secretary, Treasurer or Vice President."

The following is a list of Senior Officers duly elected and serving the Company at December 31, 2012:

Name	**Title**
Steven Joseph Valerius	President
William Wallace Lester	Executive Vice President and Corporate Treasurer
Robert Carl Barth	Senior Vice President and Chief Financial Officer
Linda Ann Whitmire	Vice President and Financial Actuary
John Thomas Burkhard	Senior Vice President, Chief Distribution Officer, Individual
Nancy Arlene Dalessio	Senior Vice President and Chief Information Officer
Cheryl Lynn Heilman	Senior Vice President, Individual Operations
Arnold Delos Henkel	Senior Vice President, Individual Strategic Alliances
Dale Donald Johnson	Senior Vice President and Corporate Actuary
Robert Michael Jurgensmeier	Senior Vice President, Chief Actuary, Individual
Robert Paul Kocher	Senior Vice President, Business Development
James Mikus	Senior Vice President and Chief Investment Officer
Lisa Ann Mullen	Senior Vice President, Individual Financial Operations
Robert-John Hamilton Sands	Senior Vice President and Corporate Secretary
Janet Lynn Schmidt	Senior Vice President, Director of Human Resources
James Daniel Schulz	Senior Vice President, Retirement Plans
Timothy Lynn Stonehocker	Executive Vice President
Paul Gordon Wesling	Senior Vice President, Individual Disability Product Manager
Susan Kay Wilkinson	Senior Vice President, Planning and Risk Management

TRANSACTIONS WITH AFFILIATES

Residential Mortgage Loans

On December 31, 2012, in conjunction with the anticipated sale of Acacia Federal Savings Bank (AFSB) an affiliate, in 2013, the Company purchased residential mortgage loans from AFSB for $69,454,142, which represents the fair value and carrying value of these loans.

Tax Allocation Agreement

The Company is party to a Tax Allocation Agreement and files a consolidated federal income tax return with its ultimate parent, AMHC. This agreement generally specifies separate return calculation with current credit for net operating losses, net capital losses, and/or credits which are used to reduce the portion of the consolidated tax liability.

Asset Allocation Investment Advisory Agreement

Effective January 1, 2011 the Company entered into an Amended and Restated Asset Allocation Investment Advisory Agreement with Ameritas Investment Corp. (AIC), and included Ameritas. Both the Company and Ameritas had previous asset allocation agreements with AIC, which replace and are superseded by this agreement. Under the terms of the agreement, AIC has agreed to act solely in the capacity of registered investment advisor for purposes of providing asset allocation models to policyholders who elect to participate in the asset allocation rogram available for use with certain variable life insurance policies and variable annuities offered by the Company and Ameritas.

Administrative Services Agreement

Effective January 1, 2011, employees of the Company, and affiliate, Acacia, and Ameritas Life Insurance Corp. of New York (Ameritas New York) became employees of Ameritas, making the Ameritas the primary provider of all technical, financial, legal, and marketing support. The Company provides and receives this technical, financial, legal, and marketing support to and from its affiliates under a General Administrative Services Agreement.

The General Administrative Services Agreement includes the Company and the following as parties to the agreement: Ameritas Holding Company (AHC), Acacia Life Insurance Company, Union Central, Summit Investment Advisors, Inc. (Summit), AIC, PRBA, Inc., Union Central Mortgage Funding, Inc., Calvert Group, LTD, and AFSB. This agreement was amended and effective January 1, 2011 and succeeds all existing administrative service agreements between any of the parties, listed above, in the agreement. Under the terms of the agreement, Ameritas is to be provided the other participating parties with administrative support services. It also arranges for other administrative support services to be provided by and among the various parties as necessary and appropriate from time to time. These services include: policy administration, claims administration, information management support and the development and maintenance of software, management, administrative, legal, accounting, information technology, and keeping of books and records showing financial condition. The agreement provides for payment on a monthly basis based on fair and reasonable charges or fees for services as agreed and appropriately documented by the parties. This agreement had an initial term of one year and will automatically renew for successive one-year periods.

Investment Advisory Agreement

Effective April 1, 2009, a second Amended and Restated Investment Advisory Agreement was entered into by the Company with the following affiliated companies: Summit, AHC, Acacia, Pathmark Administrators, Inc., Ameritas, and Acacia Financial Corp. The agreement amends, restates, and succeeds all previously existing investment advisory agreements between any of the parties to the agreement. Summit, in carrying out its obligations under the agreement to manage the investment and reinvestment of the assets of the companies, shall: perform research and evaluate pertinent economic, statistical, and financial data relevant to the investment policies of the companies, consult with the respective Boards of Directors, and furnish recommendations to these Boards with respect to investment strategy and report results, seek out and implement specific investment opportunities consistent with the various investment strategies of the companies, and maintain all accounts, records, memoranda, etc., related to the acquisition and disposition of investments for the companies. As compensation for its advisory services, each company and the advisor shall receive fair and reasonable fees for such services, the specifics of which, including expenses, shall be from time to time agree upon and documented by the parties through their respective Boards of Directors. The agreement provides for calculation of fees due within 30 days of the end of each quarter and payment within ten days of the invoice date. This agreement had an initial term of one year and will automatically renew for successive one-year periods. The amendments to this agreement consisted of updating the compensation schedule basis points.

<u>Service Agreement – Portfolio Maintenance</u>

A service agreement was entered into on May 1, 2010 between the Company, Summit, and Ameritas. The services provided by Summit are to fund specific model portfolios, annual model portfolio reassessment and periodic model portfolio evaluations for each product offering, asset class level allocation weightings, and an asset allocation questionnaire. The product offering covered by this agreement are individual variable products offered by the Company and Ameritas as well as Advantage Advisory Program in the Retirement Plans division. Compensation to Summit will consist of the following: 1.5 basis points of assets contained in the portfolios in the models utilized in the product offerings, or a minimum quarterly fee of $18,750 for fund selection for model portfolios a one-time fee of $5,000 for the development of the asset class weightings for the product offerings. The agreement had an initial term of three years and automatically renews for successive one-year terms.

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact the business of insurance in the District of Columbia, and all states fifty states. The Company markets individual life insurance, annuities, and disability income products. The Company utilizes a multiple distribution system. This system includes career agencies, independent agencies and agents of brokers/dealers.

REINSURANCE

Assumed Life

Effective March 1, 2006 the Company began to reinsure whole life policies issued by Ameritas New York, an affiliated company, on a yearly renewable term (YRT) excess over $100,000 basis, its retention at the time. Effective July 26, 2010, Ameritas New York increased its maximum retention to $500,000.

Assumed Disability

There are no active assumed treaties. There is a block of old inforce individual disability income business that was assumed and written in the early to mid-80's that is in runoff.

Ceded Life

Reinsurance ceded is used to manage mortality and morbidity risks. With respect to the management of mortality risks, the Company reinsures the net amount at risk for most permanent life policies to the extent that they exceed the Company's retention limit applicable at the time of issue. The retention limit for most permanent life policies in force is $1 million, but effective in 2006 the retention limit for most new permanent life plans was increased to $2 million. A block of universal life business is reinsured on a YRT basis using a first dollar quota share arrangement with 50% of the net amount of risk reinsured, these policies were primarily issued prior to 1994.

First dollar quota share reinsurance on level term life policies began in 1997 with 80% reinsured and was later changed to 90%, which is still in use for most term life policies. The Company began using quota share reinsurance to take advantage of favorable prices being offered in the reinsurance market. Excess of retention reinsurance coverage was used for level term policies issued prior to 1997. A certain block of annually renewable term policies have a 50% quota share reinsurance arrangement. Beginning April 2005, the annually renewable term (ART) and 10 year level term plans are reinsured on a YRT excess basis. Another change occurred on May 1, 2008, whereas the 10-year level term plan is now reinsured with Acacia on a 90/10 first dollar quota share coinsurance basis.

Effective November 1, 2009 the Company entered into a coinsurance agreement with Acacia, an affiliated company, whereby Acacia reinsured 95% of the Company's net amount at risk retained on all level term policies issued between October 1, 1996 and December 31, 2008. The Acacia treaty was recaptured effective November 1, 2012.

The Company entered into an accidental death carveout reinsurance agreement effective January 1, 2005 whereby the net amount at risk retained by the Company is reinsured against accidental death and catastrophe/terrorism, including NBC (nuclear, biological and chemical). Effective January 1, 2010, the accidental death carveout agreement was changed from a "ground up" to a $3 million "inter aggregate" arrangement. Under this arrangement, the four affiliated insurance companies under AMHC would need to incur, annually, $3 million of accidental death claims combined before any reinsurance benefits are paid.

Ceded Disability

As of December 31, 2012 the only reinsurance treaties active were for issuing new business written in California. This was the last state to approve the Ameritas Foundation product, which did not occur until 2013. Therefore, the existing coinsurance treaty remained in place at December 31, 2013 when this product was approved on Ameritas paper. This fully underwritten individual disability treaty was a coinsurance treaty with amounts in excess of $4,000 between Gen Re Life Corp (Gen Re) and Munich American Reassurance Company (Munich). The business overhead expense treaty was a coinsurance treaty with amounts in excess of $8,000 between Gen Re and Munich. The general standard issue treaty was a first dollar quota share basis with 50% retained up to a max retention of $5,000.

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 under review:

	2009	2010	2011	2012
Bonds	$3,801,765,803	$4,028,472,717	$4,205,185,398	$4,274,913,100
Admitted assets excluding Separate Accounts	4,905,702,776	5,096,021,864	5,306,613,876	5,500,105,613
Aggregate life reserves	3,991,210,982	4,136,355,595	4,294,583,702	4,367,057,174
Aggregate A&H reserves	273,038,971	281,558,241	293,124,166	301,414,994
Deposit type contracts	129,743,358	121,123,091	120,583,735	167,286,934
Total liabilities excluding Separate Accounts	4,504,826,187	4,695,622,958	4,852,708,723	5,007,902,828
Capital and surplus	400,876,589	400,398,906	453,905,153	492,202,785
Premiums and annuity considerations	730,217,015	626,285,033	605,260,234	509,204,227
Net investment income	243,586,346	260,697,696	270,573,056	266,857,138
Total policy and contract benefits	815,137,179	783,691,470	742,286,998	759,570,744
Dividends to policyholders	11,017,939	11,311,520	10,570,207	10,745,480
Net income	(119,779,804)	(2,065,375)	67,589,317	62,964,533

FINANCIAL STATEMENTS

The following statement of admitted assets and liabilities, together with the accompanying summary of operations, reflect the financial condition of the Company as of December 31, 2012, and its transactions for the year 2012 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, 2012

Assets

	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$4,274,913,100		$4,274,913,100
Common stocks	40,788,771	$ 2,204,042	38,584,728
Mortgage loans on real estate	669,399,668		669,399,668
Property occupied by the company	9,729,444		9,729,444
Properties held for the production of income	1,431,552		1,431,552
Properties held for sale	1,836,000		1,836,000
Cash and short-term investments	59,784,768		59,784,768
Contract loans	182,854,998	500,251	182,354,747
Derivatives	9,594,492		9,594,492
Other invested assets	9,452,948	686,095	8,766,853
Receivables for securities	88,696		88,696
Subtotals, cash and invested assets	$5,259,874,436	$ 3,390,389	$5,256,484,048
Investment income due and accrued	51,997,193	100,649	51,896,543
Uncollected premiums and agents' balances	7,361,281	209,274	7,152,007
Deferred premiums and agents' balances	40,768,406		40,768,406
Amounts recoverable from reinsurers	9,635,746		9,635,746
Other amounts receivable under reinsurance contracts	1,262,727		1,262,727
Federal income tax recoverable	12,604,938		12,604,938
Net deferred tax asset	133,131,569	75,285,034	57,846,534
Guaranty funds receivable or on deposit	1,928,665		1,928,665
Electronic data processing equipment and software	45,896	5,653	40,243
Furniture and equipment	599,007	599,007	
Receivables from parent, subsidiaries and affiliates	214,093		214,093
Health care and other amounts receivable	6,200,161	5,397,296	802,864
COLI cash surrender value	57,573,424		57,573,424
Receivables from third party administrators	1,895,374		1,895,374
Prepaid expenses	1,186,226	1,186,226	
Unearned annualized commissions	390,267	390,267	
Total assets excluding Separate Accounts	$5,586,669,410	$86,563,797	$5,500,105,613
From Separate Accounts	1,558,841,720		1,558,841,720
Totals	$7,145,511,130	$86,563,797	$7,058,947,333

Liabilities, Surplus and Other Funds

Aggregate reserve for life contracts	$4,367,057,174
Aggregate reserve for accident and health contracts	301,414,994
Liability for deposit-type contracts	167,286,934
Life contract claims	20,422,297
Accident and health contract claims	3,743,144
Policyholder dividends	101,000
Dividends apportioned for payment	10,277,718
Premiums and annuity considerations received in advance	2,330,093
Other amounts payable on reinsurance	15,182,986
Interest maintenance reserve	17,493,190
Commissions to agents due or accrued	485,209
Commissions and expense allowances payable on reinsurance assumed	1,312,696
General expenses due or accrued	29,352,130
Transfers to Separate Accounts due or accrued	(20,291,435)
Taxes, licenses and fees due or accrued	4,643,358
Unearned investment income	70,328
Amounts withheld or retained by company as agent or trustee	340,447
Amounts held for agents' account	390
Remittances and items not allocated	13,892,103
Liability for benefits for employees and agents	8,794,743
Asset valuation reserve	46,387,942
Payable to parent, subsidiaries and affiliates	3,006,970
Payable for securities	10,871,059
Unclaimed checks	2,225,884
Contingency liability	1,000,000
Accrued interest on claims	501,474
Total liabilities excluding Separate Accounts business	$5,007,902,828
From Separate Accounts	1,558,841,720
Total liabilities	$6,566,744,548
Common capital stock	$ 2,500,000
Surplus note discount	(120,350)
Surplus notes	50,000,000
Gross paid in and contributed surplus	240,304,040
Unassigned funds (surplus)	199,519,095
Total capital and surplus	$ 492,202,785
Totals	$7,058,947,333

SUMMARY OF OPERATIONS – 2012

Premiums and annuity considerations	$509,204,227
Considerations for supplementary contracts with life contingencies	520,112
Net investment income	266,857,138
Amortization of interest maintenance reserve	3,520,243
Commissions and expense allowances on reinsurance ceded	6,866,339
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	17,417,048
Revenue sharing agreement income	4,098,672
Administrative service fees	2,612,801
Miscellaneous insurance income	2,271,386
Total	$813,367,967
Death benefits	$ 88,564,272
Matured endowments	704,309
Annuity benefits	41,071,347
Disability benefits and benefits under accident and health contracts	36,425,445
Surrender benefits and withdrawals for life contracts	592,805,371
Interest and adjustments on contract or deposit-type contract funds	3,628,306
Payments on supplementary contracts with life contingencies	895,927
Increase in aggregate reserves for life and accident and health contracts	82,332,661
Subtotal	$846,427,637
Commissions on premiums, annuity considerations and deposit-type contract funds	31,953,681
Commissions and expense allowances on reinsurance assumed	2,721,037
General insurance expenses	80,912,988
Insurance taxes, licenses and fees, excluding federal income taxes	7,910,506
Increase in loading on deferred and uncollected premiums	(4,953,049)
Net transfer to separate accounts net of reinsurance	(200,874,521)
Miscellaneous deductions and interest paid	1,422,582
Total	$765,520,861
Net gain from operations before dividends, federal income taxes and realized capital gains or (losses)	$ 47,847,106
Dividends to policyholders	10,745,480
Federal income taxes incurred	(30,287,839)
Net realized capital gains or (losses)	(4,424,931)
Net income	$ 62,964,533

CAPITAL AND SURPLUS ACCOUNT

	2009	2010	2011	2012
Capital and surplus, beginning	$ 266,976,877	$400,876,589	$400,398,906	$453,905,153
Net income	$(119,779,804)	$ (2,065,375)	$ 67,589,317	$ 62,964,533
Change in net unrealized capital gains (losses)	14,287,794	14,186,678	(7,410,927)	6,459,794
Change in net deferred taxes	18,506,666	6,566,484	(40,816,195)	(32,248,270)
Change in non-admitted assets	33,236,918	10,242,352	45,531,689	39,480,094
Change in asset valuation reserve	(2,933,693)	(8,235,624)	(11,303,998)	(19,175,991)
Change in surplus note	(24,991,300)	8,700	8,700	8,700
Cumulative effect of changes in accounting principles	(4,095,310)			454,655
Surplus paid in	160,304,040			
Prior year reserve adjustment	(2,503,219)	1,490,127	(651,998)	
Term coinsurance gain	27,000,000			
Mutual fund revenue sharing adjustment	793,903			
Reinsurance ceded premium error		(2,120,958)	373,590	1,568,360
Adjustment for minimum pension liability	625,454	(2,173,281)	(1,569,055)	(1,517,123)
Emerging profits on reinsurance	(729,913)	(6,485,807)	(2,829,482)	(19,697,120)
Additional deferred tax asset admissibility	34,178,175	(11,890,977)	3,038,966	
Prior year reinsurance Commission and expense allowance errors			1,545,639	
Change for year	$ 133,899,711	$ (477,682)	$ 53,506,247	$ 38,297,632
Capital and surplus, ending	$ 400,876,589	$400,398,906	$453,905,153	$492,202,785

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of $199,519,095 as reported in the Company's 2012 Annual Statement has been accepted for examination purposes. Examination findings, in 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 were no comments or recommendations made as a result of this examination.

SUBSEQUENT EVENTS

SURRENDER OF NEW YORK LICENSE AND REINSURANCE TRANSACTIONS

In order for the Company to surrender its license to sell insurance business in the State of New York, during 2013, the Company entered into a series of reinsurance transactions to transfer a majority of its New York issued policies to Ameritas New York as follows:

Effective May 31, 2013, the Company and Ameritas New York entered into an assumption reinsurance transaction whereby the Company transferred its New York issued universal life, single premium deferred premium annuity, flexible annuity, group retirement annuities, and term policies to Ameritas New York. The New York State Department of Financial Services (NYDFS) and Nebraska Department of Insurance (NDOI) approved the transaction April 11, 2013 and April 12, 2013, respectively. On May 31, 2013, assets were transferred to Ameritas New York at fair value based on an estimate of the liabilities assumed, with a final valuation of liabilities, and subsequent transfer of assets occurring in June 2013.

Effective August 30, 2013, the Company and Ameritas New York entered into three separate coinsurance/modified coinsurance agreements to reinsure 100% of both the general account risk and separate account risk on the Company's New York issued variable universal life, variable annuity and group annuity policies with Ameritas New York. The general account was reinsured on a coinsurance basis and the separate account was reinsured on modified coinsurance basis. The NYDFS and NDOI approved these agreements on May 8, 2013, and July 15 and 16, 2013, respectively.

Effective August 30, 2013, the Company and Ameritas New York entered into a coinsurance agreement to reinsure 100% of the retained portion of the Company's New York issued participating whole life block of business. A second agreement was also entered into effective August 30, 2013 between the Company and Ameritas New York to retrocede the New York issued closed block polices from Ameritas New York back to the Company on a coinsurance with funds withheld basis, so that the closed block remains intact. These agreements were approved by the NYDFS and NDOI on May 29, 2013 and July 16, 2013, respectively. The initial asset transfer occurred August 30, 2013.

The Company ceased to maintain its existing licensing status in the State of New York effective as of the close of business September 30, 2013. To protect the remaining New York issued business not covered by assumption and other reinsurance transactions, pursuant to the requirement of Section 1105 of the New York Insurance Law and NYDFS Regulation 109, the Company will continue to administer and service those policies under a plan approved by the State of New York. The Company established a New York approved custodial account, in a New York domestic bank, funded with assets approved by the NYDFS. The fair market of assets held in trust will at all times be 117% of the outstanding general liabilities for the remaining New York issued policies, without regard to the effect of any reinsurance. The amounts held in custody will continue to be reported in the general account assets and policy obligations associated with the remaining New York issued policies will continue to be reported as general account liabilities by the Company. On September 30, 2013 approximately $133 million of assets were placed in a separate custodian account on behalf of the Company' remaining New York policyholders.

Effective November 30, 2013, the Company and Ameritas New York entered into an assumption reinsurance transaction whereby the Company transferred its disability income business reinsured from Phoenix Mutual Home Life Insurance Company to Ameritas New York. On November 30, 2013 assets were transferred to Ameritas New York at fair value based on an estimate of the liabilities assumed. A final valuation of the liabilities as of November 30, 2013 was determined and an additional transfer was made in December 2013.

PLAN OF MERGER

On December 5, 2013, the Board of Directors of the Company approved a resolution executing an Agreement and Plan of Merger to merge the Company into Ameritas, the Company's parent and sole shareholder. This merger is part of a broader business plan to fulfill certain business objectives, including but not limited to, achieving operating efficiencies, promoting simplification, eliminating unnecessary expenses, and avoiding duplicative regulatory filings, returns and audits. The effective date of these mergers is July 1, 2014. This Plan of Merger was approved by the NDOI on January 9, 2014.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

There are no comments of recommendations that have been made 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, Andrea Szwanek, CFE, Joe Hofmeister, CFE, Elizabeth Hofker, AFE, and Kim Shannon, Financial Examiners; and Rhonda Ahrens, FSA, MAAA, Actuarial Examiner, all with the Nebraska Department of Insurance; Billy J. Bostick, CPA, CFE, Cara F. Bostick, and David B. Habony, CPA, CFE of Bostick/Crawford Consulting Group, LLC., contracted by the District of Columbia Department of Insurance, Securities, and Banking, participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

Tadd K. Wegner, CFS
Supervisory Examiner
Department of Insurance
State of Nebraska

State of Nebraska,

County of Lancaster,

Tadd K. Wegner, 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 The Union Central 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 The Union Central 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.

Tadd K. Wegner
Examiner-in-Charge's Signature

Subscribed and sworn before me by Tadd K. Wegner **on this** 10th **day of** June **, 20**14 **.**

GENERAL NOTARY - State of Nebraska
TERRI A. KELLER
My Comm. Exp. Dec. 24, 2017

(SEAL)

Terri A Keller
Notary Public

My commission expires December 24, 2017 **[date].**