

Report of the Examination of
Everly Life Insurance Company
Topeka, Kansas
As of December 31, 2023

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June 30, 2025

Honorable Nathan D. Houdek
Commissioner of Insurance
State of Wisconsin
101 East Wilson Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs
and financial condition of:

EVERLY LIFE INSURANCE COMPANY
Topeka, Kansas

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of Everly Life Insurance Company (ELIC or the company) was conducted in 2021 and 2022 as of December 31, 2020. The current examination covered the intervening period ending December 31, 2023, and included a review of such subsequent transactions as deemed necessary to complete the examination.

The examination of the company was conducted concurrently with the examination of SBL Holdings, Inc. (SBLH). SBLH contains four insurance entities: Security Benefit Life Insurance Company (SBLIC), domiciled in Kansas; First Security Benefit Life Insurance and Annuity Company of New York (FSBL), domiciled in New York; Sixth Avenue Reinsurance Company (SARC) (non-participating), domiciled in Vermont; and Everly Life Insurance Company (ELIC), domiciled in Wisconsin. The Kansas Department of Insurance acted in the capacity as the lead state for the coordinated examinations. Work performed by the Kansas Department of Insurance was reviewed and relied on where deemed appropriate.

The examination was conducted using a risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*. This

approach sets forth guidance for planning and performing the examination of an insurance company to evaluate the financial condition, assess corporate governance, identify current and prospective risks (including those that might materially affect the financial condition, either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles, annual statement instructions, and Wisconsin laws and regulations. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately at the end of the "Financial Data" section in the area captioned "Reconciliation of Surplus per Examination."

Emphasis was placed on those areas of the company's operations accorded a high priority by the examiner-in-charge when planning the examination.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for completing this examination were performed. The examination work papers contain documentation concerning the alternative or additional examination steps performed during the examination.

Independent Actuary's Review

An independent actuarial firm was engaged under a contract with the Office of the Commissioner of Insurance. The actuary reviewed the adequacy of aggregate life reserves, aggregate accident and health reserves, liability for deposit-type contracts, life contract claims, duration of liabilities, asset adequacy analysis, and deferred life insurance premiums. The actuary's results were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the actuary's conclusion.

Investment Review

The Capital Markets Bureau of the NAIC was engaged by the Office of the Commissioner of Insurance to perform a review of the company's invested assets portfolio as of December 31, 2023. The results of that review were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the findings of the review.

II. HISTORY AND PLAN OF OPERATION

The company was originally organized in 1982 as Guarantee American Insurance Company pursuant to the laws of Nebraska and commenced business on September 7, 1982. The company was organized as a wholly owned subsidiary of Guarantee Life Insurance Company, which was also domiciled in Nebraska.

The name of the company was changed to NGL American Life Insurance Company (NGLA) on December 12, 1996, in anticipation of the acquisition of the company by National Guardian Life Insurance Company (NGL), a Wisconsin-domiciled insurer. The sale of the company to NGL occurred on January 1, 1997, and the company redomiciled to Wisconsin effective January 10, 1997. Between 1997 and 2005, two other stock life insurers acquired by NGL were merged into the company, with NGLA remaining as the surviving entity.

Effective July 1, 2006, Settlers Life Insurance Company, domiciled in Virginia, was merged into NGLA. NGLA simultaneously changed its name to Settlers Life Insurance Company (Settlers).

Effective July 1, 2008, NGL purchased a 100% interest in Key Life Insurance Company (Key Life). On October 1, 2008, NGL merged Key Life into Settlers.

Effective July 1, 2022, NGL sold all issued and outstanding shares of the capital stock of Settlers to Everly Holdings, LLC (EH), a Delaware limited liability company. EH is a subsidiary of SBLH, a holding company domiciled in the state of Kansas. On August 26, 2022, Settlers' name was changed to Everly Life Insurance Company, the current name of the company, and the company remained domiciled in Wisconsin.

Eldridge Industries, LLC (Eldridge) is the indirect parent to SBLH. Eldridge is led by Todd Boehly, Chairman and CEO. Mr. Boehly is the ultimate controlling person. Prior to founding Eldridge, Mr. Boehly was the President of Guggenheim Partners. Refer to the "Affiliated Companies" section for additional information on the holding company structure and ultimate controlling person.

In 2023, the company collected direct premium in the following states:

Virginia	\$11,550,202	35.2%
North Carolina	3,691,804	11.3
Wisconsin	2,620,877	8.0
Tennessee	2,083,529	6.4
South Carolina	1,734,197	5.3
Georgia	1,558,244	4.8

Kentucky	1,024,744	3.1
All others	<u>8,506,172</u>	<u>26.0</u>
Total	<u>\$32,769,769</u>	<u>100.0%</u>

The company is licensed in the District of Columbia and all states except New York.

The company has several closed blocks in runoff written prior to the company being acquired by EH, consisting of final expense, pre-need, ordinary life, term life, universal life, interest sensitive life, annuity, and disability income policies. The company is in the process of developing an indexed universal life product (IUL).

The following chart is a summary of premium income as reported by the company in 2023.

The growth of the company is discussed in the "Financial Data" section of this report.

Premium Income

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Final expense	\$27,591,996	\$	\$	\$27,591,996
Individual whole life	419,050		40,306	378,744
Individual term life	946,776		211,645	735,131
Individual universal life	761,932		125,438	636,494
Group whole life	3,005,030			3,005,030
Group term life	4,395			4,395
Group universal life	129,170		9,132	120,038
Individual annuities	47,497		47,497	0
Disability income	<u>105,775</u>	—	<u>105,571</u>	<u>204</u>
Total All Lines	<u>\$33,011,621</u>	<u>\$</u>	<u>\$539,589</u>	<u>\$32,472,031</u>

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of four members. Directors and officers are elected for a period of one year at the board's annual meeting. All members of the company's board of directors may also be members of other boards of directors in the holding company group.

Currently, the board of directors consists of the following persons:

Name	Principal Occupation	Term Expires
Douglas Glen Wolff	Chief Executive Officer, Security Benefit Life Insurance Company	2026
Jordan Michael Teel	Chief Executive Officer, Everly Life Insurance Company	2026
George Anthony Esposito	Head of Insurance Products, Zinnia	2026
Roger Offermann	Senior Advisor, Security Benefit Life Insurance Company	2025

Officers of the Company

The officers serving at the time of this examination are as follows:

Name	Office
Jordan Michael Teel	Chief Executive Officer and President
Brian John Beckett	Chief Financial Officer
Duc Xuan Ho	Appointed Actuary
Laurie Borowski	Chief Underwriting Officer
Rui Guo	Chief Actuary
Joseph William Wittrock	Chief Investment Officer
Theresa Softcheck	Vice President and Chief Operating Officer
Michael Stevens	Vice President and General Counsel, Chief Compliance Officer, and Secretary
Dustin Stejskal	Vice President and Chief Strategy and Growth Officer
Douglas Glen Wolff	Chairman of the Board

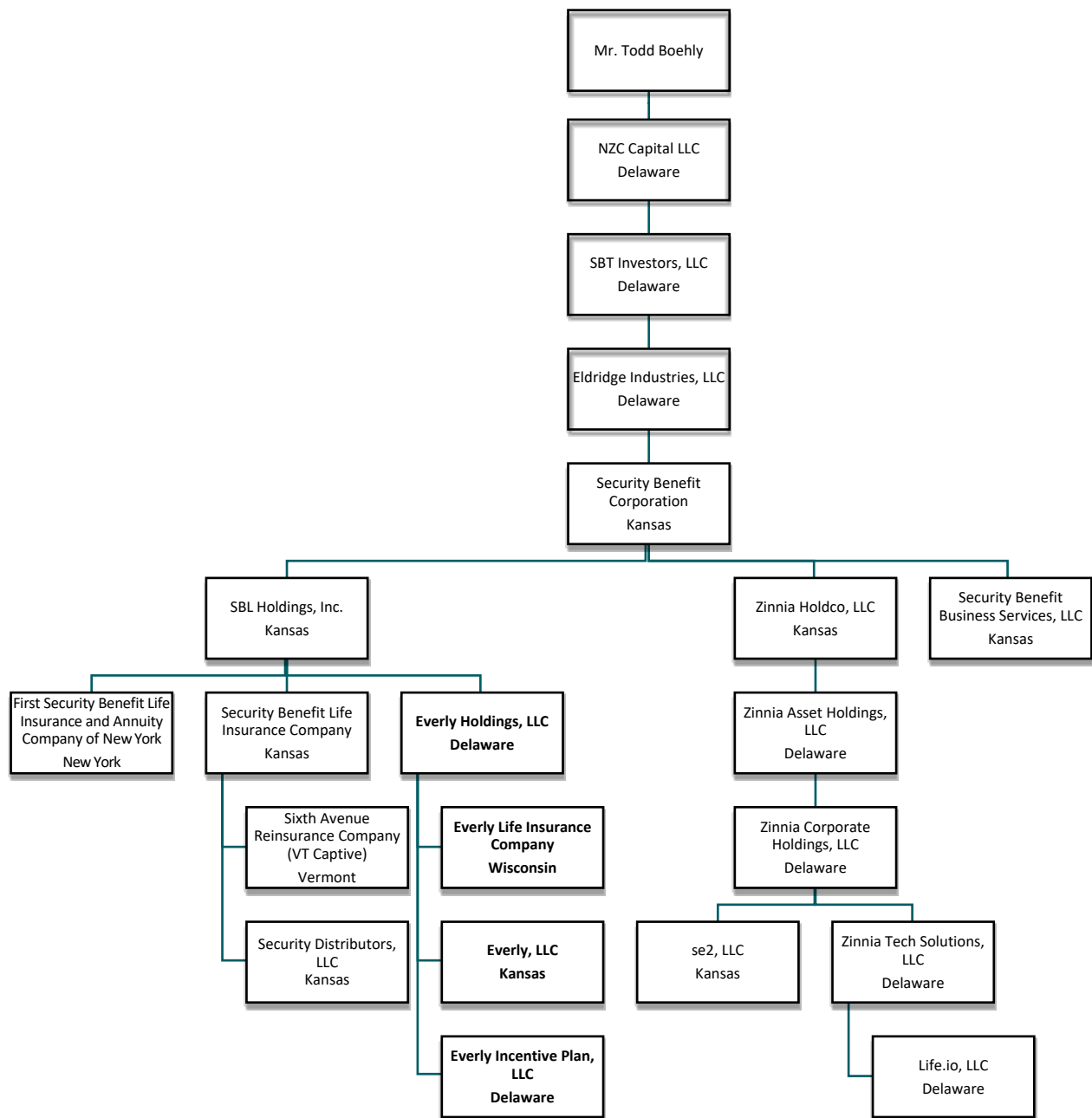
Committees of the Board

There are no board committees for ELIC.

IV. AFFILIATED COMPANIES

ELIC is a member of a complex, privately held holding company system. The ultimate controlling person is Todd Boehly. Mr. Boehly is the co-founder, chairman, and Chief Executive Officer of NZC Capital, LLC (NZC), the lead entity in the holding company system. ELIC is one of four insurance companies in the holding company system. The holding company system is collectively referred to as Eldridge Industries. Eldridge Industries invests in businesses across the Insurance, Asset Management, Technology, Mobility, Sports & Gaming, Media & Music, Real Estate, and Consumer landscapes. Prior to founding NZC, Mr. Boehly was the President of Guggenheim Partners. The abbreviated organizational chart below depicts the relationships among the affiliates in the holding company system. A brief description of insurers within the holding company system and affiliates deemed significant to ELIC follows the abbreviated organizational chart.

**Abbreviated Organizational Chart
As of December 31, 2023**



Eldridge Industries, LLC

Eldridge Industries, LLC is the principal investment arm of SBT Investors, LLC (which is 100% owned by NZC Capital, LLC) specializes in providing both debt and equity capital. The firm seeks to invest across diversified industries with a focus on media and sports, insurance, Insurance Tech, real estate development, asset lending and financing, branded food, branded hospitality, technology, credit and credit/real estate hybrid and consumer, and asset management businesses. Eldridge Industries, LLC was founded in 2015 and is headquartered in Greenwich, Connecticut, with additional offices in Beverly Hills, California; New York, New York; and London, United Kingdom.

Security Benefit Corporation (SBC)

Security Benefit Corporation, an intermediate holding company, was incorporated in 1998 and is based in Topeka, Kansas. The audit committee that serves insurers SBLIC and ELIC operates at the SBC level. The chair and sole member of the audit committee is Wayne Diviney. In 2024, SBC was renamed Eldridge Wealth Solutions, Inc.

SBL Holdings, Inc. (SBLH)

SBLH operates as a subsidiary of SBC. The Company was incorporated in 2014 and is headquartered in Topeka, Kansas. All insurance-related entities (SBLIC, FSBL, SARC, and ELIC) within the organization are held under SBLH. SBLH accesses capital funding and issues debt. Capital contributions funnel down to the insurance companies. The insurance companies, primarily SBLIC, pay dividends to SBLH.

Security Benefit Life Insurance Company (SBLIC)

SBLIC is a life insurance company domiciled in the state of Kansas that is licensed to transact business in all states except New York. SBLIC's current product lines include fixed, fixed indexed, and variable annuity products. SBLIC is the issuer of a universal life insurance product that was sold directly to consumers via an affiliated company, Everly, LLC. SBLIC markets and sells its annuity products through a diverse distribution model of independent marketing organizations, insurance brokers, bank-affiliated insurance agencies, broker dealers, registered investment advisors, and other distributors.

As of December 31, 2023, the audited financial statements of SBLIC reported assets of \$53,590,941,397, liabilities of \$47,661,518,182, and capital and surplus of \$5,929,423,215. Operations for 2023 produced a net income of \$1,202,451,155.

Everly Holdings, LLC (EH)

Everly Holdings, LLC serves as the immediate holding company of ELIC and is 100% owned by SBLH. EH is domiciled in the state of Delaware. EH owns 100% of Everly, LLC and 100% of Everly Incentive Plan, LLC.

Everly, LLC (ELLC)

ELLC is an agency company domiciled in the state of Kansas and licensed to do business in all states except New York. ELLC launched a permanent life insurance direct-to-consumer platform in 2021 that resulted in the acquisition and servicing of approximately 500 policies issued by SBLIC. The agency stopped selling new business in June of 2023.

Everly Incentive Plan, LLC (EIPC)

EIPC was formed to facilitate equity participation by the members in EH in order to incentivize, retain, and reward the members for their contributions to the long-term success of EH and its affiliates.

Security Benefit Business Services, LLC (SBBS)

SBBS is a Kansas limited liability company that functions as a professional employer/holding company services organization principally for the operating subsidiaries of SBLH, including ELIC. SBLH is a direct, wholly owned subsidiary of SBC.

Zinnia Tech Solutions, LLC (Zinnia)

Zinnia is a Delaware limited liability company that operates as a life insurance and annuity technology provider. Zinnia is party to a service agreement with ELIC. Zinnia's ultimate parent is SBC.

se2, LLC, (Se2)

se2 is a Kansas limited liability company and licensed third-party administrator that provides life insurance and annuity administration services. se2 is party to a service agreement with ELIC. se2's ultimate parent is SBC.

Agreements with Affiliates

ELIC entered into an Intercompany Services Agreement dated July 1, 2022, under which its affiliate, SBBS, provides general administrative services to ELIC. Certain other named affiliates of EH are also party to the agreement and receive general administrative services from SBBS. Two of the more significant affiliates are SBC and SBLIC. ELIC reported paying \$1,089,630 in 2023 for SBBS's general services.

ELIC entered into an Investment Management Agreement dated January 1, 2023, under which its affiliate, SBBS, provides investment management services to ELIC in exchange for a management fee based on the market value of assets being managed. ELIC reported paying \$625,630 in 2023 for SBBS's investment management.

ELIC entered into an Intercompany Services Agreement, effective January 1, 2024, under which its affiliate, ELLC, provides administrative, general management, and executive services to ELIC. ELIC reported paying \$254,781 in 2023 for Everly LLC's services.

ELIC entered into a Services Agreement with Professional Services Addendum and Third Party Administration Addendum, effective March 11, 2024, between ELIC, Zinnia, and se2, under which Zinnia and se2 will provide various services, including technology, professional services, and third-party administrative services for ELIC's new IUL product and future products. Everly, LLC reported paying \$5,750,000 in 2023 for Zinnia's services.

V. REINSURANCE

The company's reinsurance portfolio and strategy at the time of the examination are described below. A list of the companies that have a significant amount of reinsurance in force at the time of the examination follows. The contracts contained proper insolvency provisions.

Ceding Contracts

The majority of ELIC's current reinsurance contracts were entered into prior to being acquired by EH when the company was known as Settlers and was a subsidiary of NGL. At various times, Settlers ceded business to NGL, which then retroceded it to other companies.

Effective October 1, 2010, Settlers ceded its in-force preneed business to NGL under a 100% coinsurance agreement. NGL then retroceded 50% of that business to Preneed Reinsurance Company of America, which is a subsidiary of NGL.

Effective June 30, 2020, Settlers ceded certain closed blocks of annuity and accident and health business issued or assumed by Settlers to NGL on a 100% coinsurance basis. NGL then retroceded 100% of the business to Prosperity Life Assurance Limited, a nonaffiliated Bermuda-based reinsurer.

ELIC entered into First Dollar Quota Share reinsurance agreements with Swiss Re effective August 28, 2024, and with SCOR Re effective September 1, 2024, for its new Indexed Universal Life (IUL) product, TermVest+. Under these agreements, SCOR Re reinsures 63% of the policy risk (70% of the total reinsurance share), Swiss Re reinsures 27% of the policy risk (30% of the total reinsurance share) and ELIC retains 10% of the risk on a First Dollar Quota Share basis.

The company has a total of 34 reinsurance treaties. Other than the items listed above, the remainder of the company's ceded reinsurance treaties are in run-off. These contracts were primarily acquired by the company through NGL's acquisition and merger transactions and have retentions of \$50,000 up to \$200,000. A closed block of cancer business is ceded on a 100% coinsurance basis. Given the small amounts involved in these contracts, they are not listed in this report.

Assuming Contracts

The company's only assumed reinsurance contract consists of a closed block of preneed life and annuity business that is 100% coinsured from Investors Heritage Life Insurance Company. This treaty was acquired through the merger of Key Life Insurance Company into Settlers.

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the commissioner of insurance in the December 31, 2023, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination." Also included in this section are schedules that reflect the growth of the company and the compulsory and security surplus calculation.

Everly Life Insurance Company
Assets
As of December 31, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$410,559,150	\$	\$410,559,150
Stocks:			
Preferred stocks	9,868		9,868
Cash, cash equivalents, and short-term investments	13,837,482		13,837,482
Contract loans	6,872,351		6,872,351
Receivables for securities	233,251		233,251
Investment income due and accrued	4,924,701		4,924,701
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	198,188	69,108	129,080
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	500,411		500,411
Reinsurance:			
Amounts recoverable from reinsurers	337,280		337,280
Other amounts receivable under reinsurance contracts	487,674		487,674
Current federal and foreign income tax recoverable and interest thereon	221,448		221,448
Net deferred tax asset	9,368,232	5,057,527	4,310,705
Guaranty funds receivable or on deposit	114,264		114,264
Receivables from parent, subsidiaries and affiliates	11,897		11,897
Write-ins for other than invested assets:			
Negative IMR	18,199,098	18,199,098	
Admissible negative IMR	5,279,417		5,279,417
Miscellaneous receivables	<u>362,084</u>	<u>110,237</u>	<u>251,847</u>
Total Assets	<u>\$471,516,796</u>	<u>\$23,435,970</u>	<u>\$448,080,826</u>

Everly Life Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2023

Aggregate reserve for life contracts		\$365,766,634
Liability for deposit-type contracts		522,738
Contract claims:		
Life		7,965,407
Provision for policyholders' dividends, refunds to members, and coupons payable in the following calendar year:		
Apportioned for payment		136,500
Premiums and annuity considerations received in advance		282,972
Contract liabilities not included elsewhere:		
Other amounts payable on reinsurance		42,952
Commissions to agents due or accrued		10,785
General expenses due or accrued		275,527
Taxes, licenses, and fees due or accrued, excluding federal income taxes		61,050
Unearned investment income		70,006
Amounts withheld or retained by reporting entity as agent or trustee		1,258
Amounts held for agents' account, including agents' credit balances		24,737
Miscellaneous liabilities:		
Asset valuation reserve		3,425,090
Payable to parent, subsidiaries and affiliates		1,507,208
Write-ins for liabilities:		
Unclaimed checks		1,785,439
Interest on outstanding claims		<u>337,155</u>
Total Liabilities		382,215,458
Common capital stock	\$ 2,701,303	
Gross paid in and contributed surplus	59,311,727	
Write-ins for special surplus funds:		
Admissible negative IMR	5,279,417	
Unassigned funds (surplus)	<u>(1,427,079)</u>	
Total Capital and Surplus		<u>65,865,368</u>
Total Liabilities, Capital and Surplus		<u>\$448,080,826</u>

Everly Life Insurance Company
Summary of Operations
For the Year 2023

Premiums and annuity considerations for life and accident and health contracts		\$32,472,032
Net investment income		27,103,913
Amortization of interest maintenance reserve		(41,586)
Commissions and expense allowances on reinsurance ceded		45,078
Miscellaneous income:		
Write-ins for miscellaneous income:		
Miscellaneous income		<u>64,197</u>
Total income items		59,643,634
Death benefits	\$32,930,252	
Matured endowments	28,897	
Disability benefits and benefits under accident and health contracts	4,190	
Surrender benefits and withdrawals for life contracts	2,167,015	
Interest and adjustments on contract or deposit-type contract funds	450,716	
Payments on supplementary contracts with life contingencies	16,020	
Increase in aggregate reserves for life and accident and health contracts	<u>(798,154)</u>	
Subtotal	34,798,936	
Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	2,540,357	
Commissions and expense allowances on reinsurance assumed	2,309	
General insurance expenses and fraternal expenses	4,583,147	
Insurance taxes, licenses, and fees excluding federal income taxes	609,108	
Increase in loading on deferred and uncollected premiums	41,262	
Write-in for deductions:		
Miscellaneous expense	<u>37,179</u>	
Total deductions		<u>42,612,298</u>
Net gain (loss) from operations before dividends to policyholders, refunds to members, and federal income taxes		17,031,336
Dividends to policyholders and refunds to members		<u>131,743</u>
Net gain (loss) from operations after dividends to policyholders, refunds to members, and before federal income taxes		16,899,593
Federal and foreign income taxes incurred (excluding tax on capital gains)		<u>4,436,338</u>
Net Income (Loss)		<u>\$12,463,255</u>

Everly Life Insurance Company
Cash Flow
For the Year 2023

Premiums collected net of reinsurance		\$32,352,872
Net investment income		25,404,393
Miscellaneous income		<u>342,861</u>
Total		58,100,126
Benefit- and loss-related payments	\$37,300,078	
Commissions, expenses paid, and aggregate write-ins for deductions	7,886,254	
Dividends paid to policyholders	131,743	
Federal and foreign income taxes paid (recovered)	<u>4,410,000</u>	
Total deductions		<u>49,728,075</u>
Net cash from operations		8,372,051
Proceeds from investments sold, matured, or repaid:		
Bonds	\$56,057,751	
Miscellaneous proceeds	<u>587,827</u>	
Total investment proceeds		56,645,578
Cost of investments acquired (long-term only):		
Bonds	62,688,796	
Stocks	9,544	
Miscellaneous applications	<u>546,836</u>	
Total investments acquired		63,245,176
Net increase (or decrease) in contract loans and premium notes	<u>(401,399)</u>	
Net cash from investments		(6,198,199)
Cash from financing and miscellaneous sources:		
Net deposits on deposit-type contracts and other insurance liabilities	(37,842)	
Other cash provided (applied)	<u>(101,260)</u>	
Net cash from financing and miscellaneous sources		<u>(139,102)</u>
Reconciliation:		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		2,034,750
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>11,802,732</u>
End of year		<u>\$13,837,482</u>

Everly Life Insurance Company
Compulsory and Security Surplus Calculation
December 31, 2023

Assets			\$448,080,826
Less liabilities			<u>382,215,458</u>
Adjusted surplus			65,865,368
Annual premium:			
Individual life and health	\$29,134,579		
Factor	<u>15%</u>		
Total		\$4,370,187	
Group life and health	3,106,213		
Factor	<u>10%</u>		
Total		310,621	
Greater of 7.5% of considerations or 2% of reserves for annuities and deposit administration funds		<u>8,700</u>	
Compulsory surplus (subject to a \$2,000,000 minimum)			<u>4,689,508</u>
Compulsory Surplus Excess (Deficit)			<u>\$ 61,175,860</u>
Adjusted surplus (from above)			\$ 65,865,368
Security surplus (140% of compulsory surplus, factor reduced 1% for each \$33 million in premium written in excess of \$10 million, with a minimum of 110%)			<u>6,565,311</u>
Security Surplus Excess (Deficit)			<u>\$ 59,300,057</u>

Everly Life Insurance Company
Analysis of Surplus
For the Three-Year Period Ending December 31, 2023

The following schedule details items affecting the company's total capital and surplus during the period under examination as reported by the company in its filed annual statements:

	2023	2022	2021
Capital and surplus, beginning of year	\$47,560,048	\$25,850,493	\$64,713,222
Net income	12,463,255	5,553,162	5,678,895
Change in net unrealized capital gains/losses	256		338,836
Change in net deferred income tax	804,999	319,958	(676,903)
Change in nonadmitted assets and related items	40,891	(18,572,097)	(67,552)
Change in asset valuation reserve	(283,498)	(591,468)	863,995
Surplus adjustments:			
Paid in		35,000,000	
Dividends to stockholders			(45,000,000)
Write-ins for gains and (losses) in surplus:			
Admissible negative IMR	<u>5,279,417</u>	<u> </u>	<u> </u>
Capital and Surplus, End of Year	<u>\$65,865,368</u>	<u>\$47,560,048</u>	<u>\$25,850,493</u>

Growth of Everly Life Insurance Company

Year	Admitted Assets	Liabilities	Capital and Surplus
2023	\$448,080,826	\$382,215,458	\$65,865,368
2022	432,226,046	384,665,998	47,560,048
2021	413,803,626	387,953,133	25,850,493
2020	450,578,451	385,865,230	64,713,221

Net Life Premiums, Annuity Considerations, and Deposits

Year	Life Insurance Premiums	Annuity Considerations	Deposit-type Contract Funds
2023	\$32,373,960	\$	\$1,864
2022	35,428,325		2,066
2021	39,424,777	756	2,035
2020	42,914,049	(3,542,009)	2,344

Life Insurance In Force (in thousands)

Year	In Force End of Year	Reinsurance Ceded	Net In Force
2023	\$1,359,339	\$39,744	\$1,319,595
2022	1,436,017	46,293	1,389,724
2021	1,526,331	50,242	1,476,089
2020	1,634,115	60,716	1,573,399

Accident and Health

Year	Net Premiums Earned	Incurred Claims and Cost Containment Expenses*	Commissions Incurred	Other Expenses Incurred**	Combined Loss and Expense Ratio
2023	\$ 204	\$ 4,190	(\$ 603)	\$ 16	1,766.2%
2022	116	(12,960)	(1,320)		(12,310.3)
2021	452	(64,860)	(1,685)	1,686	(14,349.4)
2020	(383,785)	(441,527)	(8,483)	22,113	111.4

* Includes increase in contract reserves

** Includes taxes, licenses, and fees

The examination period encompasses the company's acquisition from NGL, which occurred in 2022. Surplus has increased post-acquisition due to investment proceeds and an infusion of cash from Everly, LLC. Surplus decreased in 2021 due to a \$45.0 million extraordinary dividend paid to the company's previous parent, NGL, on September 14, 2021. NGL sold all outstanding shares of the company's stock to EH, part of the SBLH holdings group, on July 1, 2022. That same year, EH made a \$35.0 million capital contribution, which helped surplus rebound from the dividend distributed in the prior year. Also in 2022, the investment portfolio was completely reconfigured, resulting in an increase of \$18.8 million of nonadmitted negative IMR. In 2023, the company adopted the NAIC's interim guidance and reported \$5.3 million due to admissible negative IMR, which contributed to an increase in surplus.

The company's investment portfolio and strategic approach have significantly changed as part of the new ownership. During the third quarter of 2022, ELIC turned over the entire bond portfolio. The transaction reflected SBBS/SBLIC's investment strategies, which significantly differed from the investment portfolio received from NGL. The company now primarily holds privately placed collateralized loan obligations (CLOs). As of December 31, 2023, privately placed bonds were 92.2% of total admitted

assets. A significant portion of the company's privately placed bonds are bespoke CLO holdings that are managed by an affiliate of the company, Panagram Asset Management.

During the period under examination, net premiums earned have decreased from \$39.3 million in 2021 to \$32.5 million in 2023. This would be expected as the only active lines of business for the company during this period were in run-off.

Reconciliation of Surplus per Examination

No adjustments were made to surplus as a result of the examination.

Examination Reclassifications

No reclassifications were made as a result of the examination.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

The were no specific comments or suggestions in the previous examination report.

Summary of Current Examination Results

This section contains comments and elaboration on those areas where adverse findings were noted or where unusual situations existed. Comment on the remaining areas of the company's operations is contained in the examination work papers.

Custodial Agreement Language

According to guidance in the NAIC *Financial Examiners Condition Handbook* for custodial agreements, the term gross negligence, instead of negligence, is not acceptable unless the term is appropriately defined in the agreement. An Insurance Custody Agreement between the company and U.S. Bank dated June 28, 2017, was found to contain the term gross negligence without an appropriate definition in the agreement. It is recommended that the company amend the Insurance Custody Agreement dated June 28, 2017, in accordance with the required language under the NAIC *Financial Examiners Condition Handbook*.

Failure to Report Transactions Within an Insurance Holding Company System

The examination team reviewed the purchase transaction by ELIC of Settlers which closed July 1, 2022. The examination team found the following: On January 7, 2022, EH filed a Form A Statement Regarding Acquisition of Control of Settlers (Form A) with the Wisconsin OCI, making ELIC a party attempting to gain control of a domestic insurer and subject to s. Ins. 40.04 Wis Adm. Code. On May 2, 2022, ELIC provided the OCI with audited financial statements as of December 31, 2021, in connection with the review of the Form A which included information on a collateral loan agreement. On June 29, 2022, a public hearing was held regarding the Form A. On June 29, 2022, a decision regarding the Form A was presented. On July 1, 2022, the transaction closed. Subsequent to the closing, on June 30, 2023, ELIC reported to the OCI in connection with agreed upon procedures an audited financial statement that included disclosure that on June 3, 2022, a transaction reportable under s. Ins. 40.04(2) Wis. Adm. Code took place related to the collateral loan agreement. However, ELIC did not notify the OCI in accordance with s. Ins. 40.04(2)(e) Wis Adm. Code as a party attempting to gain control of a domestic insurer in writing at least 30 days before the domestic insurer enters into the transaction, of a transaction not in the ordinary course of business which involves a domestic insurer and which involves or exposes to risk an amount equal to or exceeding the lesser of 2% of the domestic insurer's admitted assets or 10% of

policyholder surplus as of the 31st day of December of the immediately preceding calendar year. It is recommended that the company report all transactions to the OCI in accordance with the requirements of s. Ins. 40.04(2) Wis Adm. Code.

Management Comment Letter

Findings were provided to the Company in the form of a Management Comment Letter dated June 27, 2025. It is recommended that the company comply with all findings delineated in the Management Comment Letter.

VIII. CONCLUSION

The examination of the company was conducted concurrently with the examination of other insurance entities within SBLH. The Kansas Department of Insurance acted in the capacity as the lead state for the coordinated examinations. Work performed by the Kansas Department of Insurance was reviewed and relied on where deemed appropriate.

ELIC began on August 26, 2022, as a result of the book of Settlers life insurance business having been purchased from NGL and subsequently renamed. The company remained domiciled in Wisconsin. During the period under examination, the only insurance activity within the company was the run-off of the book of business purchased from NGL. The company is currently developing new life insurance products.

The company's investment portfolio and strategic approach have significantly changed as part of the new ownership. Surplus has increased post-acquisition due to investment proceeds and an infusion of cash from EH. No adjustments or reclassifications to surplus have been made as a result of this examination.

The current examination of ELIC as of December 31, 2023, resulted in three recommendations, outlined in the section below.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There were three recommendations made as a result of this examination

1. Page 25 - Custodial Agreement Language—It is recommended that the company amend the Insurance Custody Agreement dated June 28, 2017, in accordance with the required language under the NAIC *Financial Examiners Condition Handbook*.
2. Page 26 - Failure to Report Transactions Within an Insurance Holding Company System—It is recommended that the company report all transactions to the OCI in accordance with the requirements of s. Ins. 40.04(2) Wis Adm. Code.
3. Page 26 - Management Comment Letter—It is recommended that the company comply with all findings delineated in the Management Comment Letter.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
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Gregory Mielke	Insurance Financial Examiner
Adam Donovan, CISSP	IT Specialist
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Respectfully submitted,



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