

Report of the Examination of  
Madison National Life Insurance Company, Inc.  
Madison, Wisconsin  
As of December 31, 2021

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March 8, 2023

Honorable Nathan D. Houdek  
Commissioner of Insurance  
State of Wisconsin  
125 South Webster Street  
Madison, Wisconsin 53703

Commissioner:

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

MADISON NATIONAL LIFE INSURANCE COMPANY, INC.  
MADISON, WISCONSIN

and this report is respectfully submitted.

## I. INTRODUCTION

The previous examination of Madison National Life Insurance Company (the company or MNL) was conducted in 2018 and 2019 as of December 31, 2017. The current examination covered the intervening period ending December 31, 2021, 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 Horace Mann Group. The Illinois Department of Insurance acted in the capacity as the lead state for the coordinated examinations. Work performed by the Illinois 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. Special attention was given to the action taken by the company to satisfy the recommendations and comments made in the previous examination report.

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 the completion of 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, contract claims for life and accident and health, uncollected premiums and agents' balances in the course of collection, deferred premiums, 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.

## II. HISTORY AND PLAN OF OPERATION

The company was organized in 1961 as National Security Life Insurance Company, and the name was subsequently changed to Madison National Life Insurance Company, Inc. As of December 31, 2021 MNL's parent was Independence Capital Corporation (ICC). ICC is an intermediate holding company owned by Independence Holding Company (IHC), which is a publicly traded company controlled by Geneve Holdings, Inc.

On January 1, 2022, Horace Mann Educators Corporation ("Horace Mann" or "HMEC") became the ultimate parent holding company of MNL following the purchase of all issued and outstanding shares of the common stock of the MNL for approximately \$172.5 million. From that time, MNL became part of the Horace Mann holding company system.

In 2021, the company collected direct premium in the following states:

Minnesota	\$ 23,587,764	15.7%
Wisconsin	21,380,003	14.3
Indiana	14,401,270	9.6
Pennsylvania	12,084,605	8.1
Michigan	11,458,913	7.6
Iowa	11,069,323	7.4
All others	<u>55,827,087</u>	<u>37.3</u>
Total	<u>\$149,808,965</u>	<u>100.0%</u>

The company is licensed in the District of Columbia, the U.S. Virgin Islands, American Samoa, Guam, and all states except New York. Despite the company's broad licensing and national exposure, six states account for 63% of direct premium.

The major products marketed by the company include long-term disability, short-term disability, group term life, dental and vision, fixed indemnity limited benefit and occupational accident. The company's current business could be grouped into three segments: the Group Segment, the Specialty Health Segment, and the Ordinary Life and Annuity Segment. The individual life and annuity segment is currently in runoff. The major products are marketed through a variety of distribution channels.

### Group Segment

The Group Segment consists of disability and group life products primarily sold in the Midwest to school districts and municipal groups through managing general agents that specialize in these target markets. As part of Horace Mann's Supplemental and Group Benefits Segment in 2022, the

company anticipates premium growth in this segment through expansion of its sales of these products in the existing network, a further reach into the Worksite distribution and cross-selling opportunities with the established Horace Mann distribution.

#### Specialty Health Segment

The Specialty Health business consists of ancillary benefits, including dental, vision, supplemental products (including fixed indemnity limited benefit, critical illness, and hospital indemnity), non-subscriber occupational accident and a Group Gap product. These are sold through multiple distribution strategies. With the change in IHC' s direction during 2021 of selling the three insurance carriers, including MNL, and the change in MNL's ownership to Horace Mann in 2022, all the IHC generated Specialty Health business is in runoff.

#### Individual Life and Annuity Segment

This category includes blocks of business that were acquired from other insurance companies or guaranty funds, individual life and annuities written through MNL's military and civilian government employee division, and certain miscellaneous insurance products. Madison National Life ceased writing any life or annuity policies in July 2015. MNL ceded the remaining runoff life and annuity policies to National Guardian Life Insurance Company (NGL) on July 31, 2015.

The following chart is a summary of premium income as reported by the company in 2021. The growth of the company is discussed in the "Financial Data" section of this report.

**Premium Income**

<b>Line of Business</b>	<b>Direct Premium</b>	<b>Reinsurance Assumed</b>	<b>Reinsurance Ceded</b>	<b>Net Premium</b>
<u>Group Segment:</u>				
Long-Term Disability	\$ 62,814,486	\$	\$15,666,795	\$ 47,147,691
Short-Term Disability	17,904,349		(752)	17,905,101
Group Term Life	37,745,059		8,647,576	29,097,483
Other Group Life & Accident & Health	16,523		16,523	
<u>Individual Segment:</u>				
Individual Life	8,454,121	51,385	8,502,058	3,448
Annuities	7,277,976	613,187	7,891,163	
Individual Accident & Health	546,409		546,409	
<u>Specialty Health Segment:</u>				
Dental & Vision	4,795,158	753,300		5,548,458
Fixed Indemnity Limited Benefit	2,407,689	2,315,703	750,745	3,972,647
Occupational Accident	2,878,858	334,000	231,366	2,981,492
Accident	1,582,558			1,582,558
Group Gap	1,485,561			1,485,561
Critical Illness	1,273,070	173,000		1,446,070
Other Specialty Health	<u>242,644</u>	<u>1,000,870</u>	<u>(87,941)</u>	<u>1,331,455</u>
 Total All Lines	 <u>\$149,424,459</u>	 <u>\$5,241,445</u>	 <u>\$42,163,943</u>	 <u>\$112,501,964</u>

### III. MANAGEMENT AND CONTROL

#### Board of Directors

The board of directors consists of six members. Following the closing of the acquisition, Horace Mann Educators Corporation, as the sole shareholder of the company, appointed the new directors to the board of directors of the company in each case to serve until their earlier death, resignation, disqualification, or removal from office. 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:

<b>Name and Residence</b>	<b>Principal Occupation</b>
Donald M. Carley Springfield, IL	Executive Vice President, General Counsel, Corporate Secretary, & Chief Compliance Officer Horace Mann Educators Corporation
Bret A. Conklin Williamsville, IL	Executive Vice President & Chief Financial Officer Horace Mann Educators Corporation
Mark R. Desrochers Burlington, MA	Senior Vice President, Property & Casualty & Chief Corporate Actuary Horace Mann Educators Corporation
Matthew P. Sharpe Williamsburg, VA	Executive Vice President, Supplemental & Group Benefits & Corporate Strategy Horace Mann Educators Corporation
Michael B. Weckenbrock Lakeside Park, KY	Senior Vice President, Life & Retirement Horace Mann Educators Corporation
Marita Zuraitis Springfield, IL	President & Chief Executive Officer Horace Mann Educators Corporation

#### Officers of the Company

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

<b>Name</b>	<b>Office</b>
Marita Zuraitis	President, & Chief Executive Officer
Donald M. Carley	Executive Vice President, General Counsel, Corporate Secretary & Chief Compliance Officer
Troy M. Gayle	Vice President & Treasurer
Bret A. Conklin	Executive Vice President & Chief Financial Officer
Kimberly A. Johnson	Senior Vice President, Controller & Chief Accounting Officer
Matthew P. Sharpe	Executive Vice President, Supplemental & Group & Corporate Strategy
Robert J. Stubbe	Senior Vice President



## **Committees of the Board**

The company's bylaws allow for the formation of certain committees by the board of directors. However, MNL's board did not appoint any committees during the examination period. The board of directors of HMEC has an Investment Committee and an Audit Committee. Both committees oversee MNL. Members of the two committees at the time of the examination are listed below:

### **Investment Committee**

Marita Zuraitis, Chair  
Bret A. Conklin  
Mark R. Desrochers  
Ryan E. Greenier  
Donald M. Carley  
Matthew P. Sharpe  
Michael B. Weckenbrock  
Troy M. Gayle  
D. Tyson Sanders  
Paul Haley

### **Audit Committee**

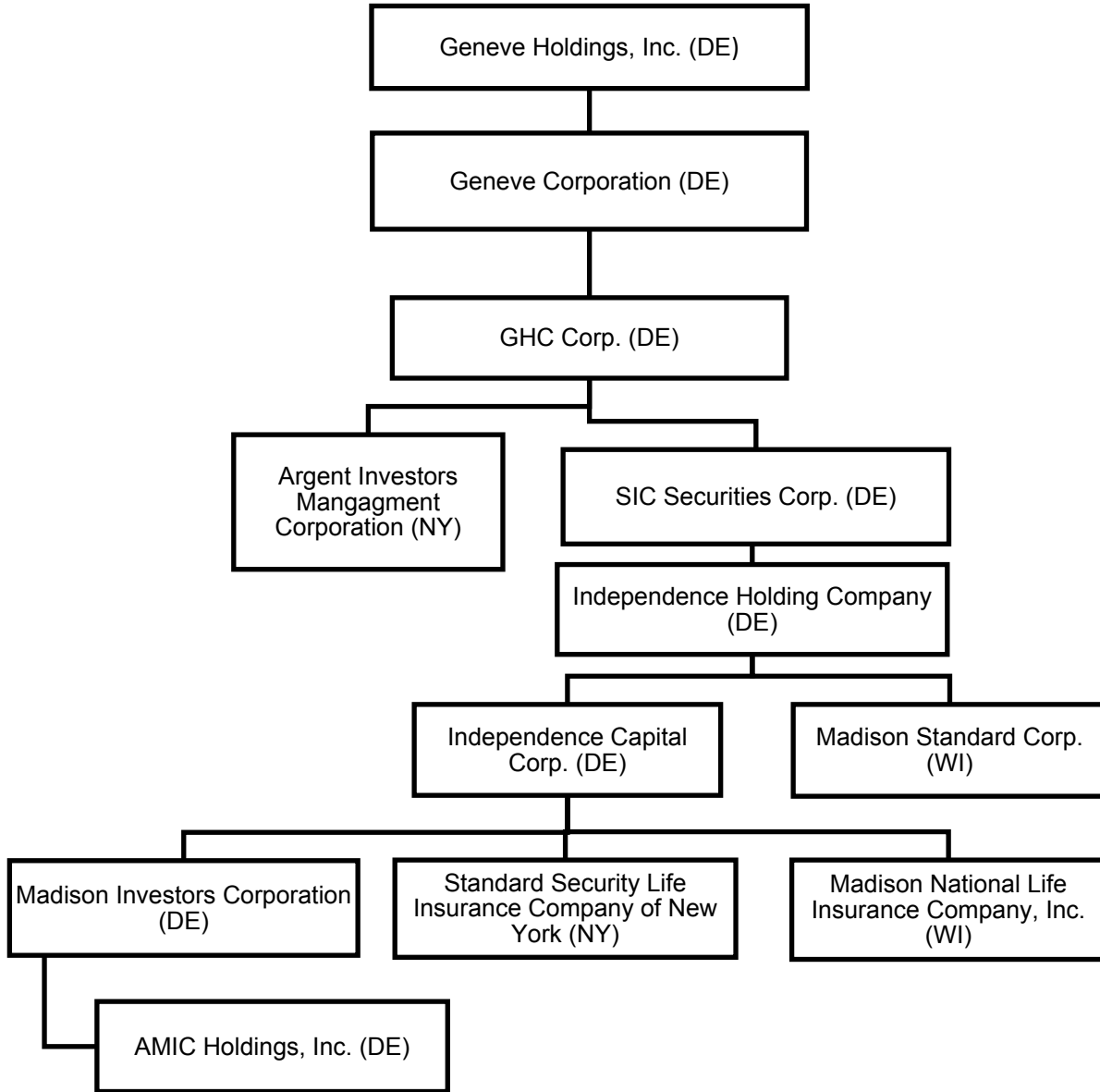
Thomas A. Bradley, Chair  
Perry G. Hines  
Mark E. Konen  
Steven O. Swyers

#### **IV. AFFILIATED COMPANIES**

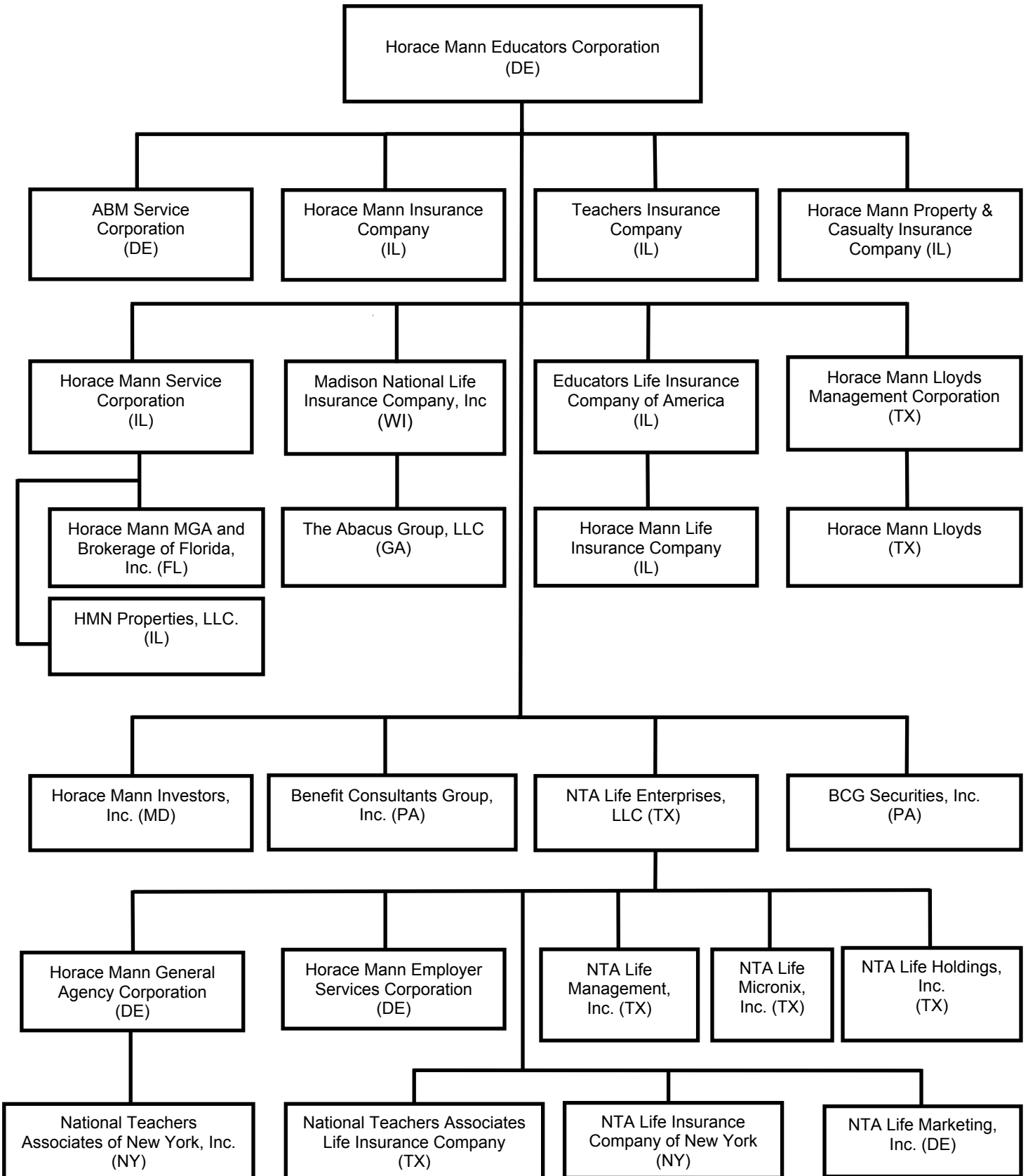
Madison National Life Insurance Company is a member of a holding company system. The organizational chart on the next page depicts the relationships among the affiliates in the group as of December 31, 2021, when MNL was part of the Geneve Group. Note that the organizational chart of the Geneve Group is a simplified version of the complete organization chart due to the size and complexity of the holding company system.

The second organizational chart, as of January 1, 2022, depicts MNL under Horace Mann Group. A brief description of MNL's affiliates deemed significant follows the organizational chart.

**Organizational Chart  
As of December 31, 2021**



**Organizational Chart  
As of January 1, 2022**



### **Horace Mann Educators Corporation**

Horace Mann Educators Corporation, an insurance holding company incorporated in Delaware, is the ultimate controlling person for the Horace Mann Group of companies and is a publicly traded company on the New York Stock Exchange. Horace Mann Educators Corporation's business is managed through the following five reporting segments: a) Property and Casualty, b) Retirement, c) Supplemental, d) Life, e) Corporate and Other. As of December 31, 2021, the audited consolidated GAAP financial statements of Horace Mann Educators Corporation reported assets of \$14,383.9 million, liabilities of \$12,576.5 million, and shareholders' equity of \$1,807.4 million. Operations for 2021 produced a net income of \$142.8 million.

### **The Abacus Group, LLC**

The Abacus Group, LLC (Abacus), a limited liability corporation formed in Georgia, is a wholly owned subsidiary of MNL. Abacus specializes in worksite marketing of voluntary benefits and produces life and disability business for MNL.

### **Horace Mann Insurance Company**

Horace Mann Insurance Company is an Illinois-domiciled subsidiary of Horace Mann Educators Corporation, which markets and underwrites personal lines products, predominately private passenger automobile liability, homeowners' multiple peril, and automobile physical damage insurance primarily to K-12 teachers, administrators, and other employees of public schools and their families. As of December 31, 2021, the audited statutory basis financial statements of Horace Mann Insurance Company reported assets of \$475.1 million, liabilities of \$302.6 million, and capital and surplus of \$172.5 million. Operations for 2021 produced a net income of \$16.2 million.

### **Horace Mann Property & Casualty Insurance Company**

Horace Mann Property & Casualty Insurance Company (HMPCIC) is an Illinois-domiciled subsidiary of Horace Mann Educators Corporation, which markets and underwrites personal lines products, predominately other private passenger automobile liability, private passenger automobile physical damage and homeowners multiple peril insurance primarily to K-12 teachers, administrators and other employees of public schools and their families. As of December 31, 2021, the audited statutory basis financial statements of Horace Mann Property & Casualty Insurance Company reported assets of

\$290.6 million, liabilities of \$182.0 million, and capital and surplus of \$108.6 million. Operations for 2021 produced a net income of \$11.5 million.

### **Teachers Insurance Company**

Teachers Insurance Company (TIC) is an Illinois-domiciled subsidiary of Horace Mann Educators Corporation, which markets and underwrites personal lines products, predominately other private passenger automobile liability, private passenger automobile physical damage, and homeowners multiple peril insurance primarily to K-12 teachers, administrators, and other employees of public schools and their families. As of December 31, 2021, the audited statutory basis financial statements of Teachers Insurance Company reported assets of \$358.7 million, liabilities of \$221.8 million, and capital and surplus of \$136.9 million. Operations for 2021 produced a net income of \$18.7 million.

### **Horace Mann Lloyds Management Corporation**

Horace Mann Lloyds Management Corporation (HMLMC) is a Texas-domiciled wholly owned subsidiary of Horace Mann Educators Corporation that serves as the attorney-in-fact for Horace Mann Lloyds. As of December 31, 2021, the unaudited GAAP financial statements of Horace Mann Lloyds Management Corporation reported assets of \$2.0 million, liabilities of \$2.0 million, and shareholders' equity of \$1 thousand.

### **Horace Mann Lloyds**

Horace Mann Lloyds (HML) is a Texas-domiciled entity and is a wholly owned subsidiary of Horace Mann Lloyds Management Corporation, which is wholly owned by subsidiary of Horace Mann Educators Corporation. HML focuses its writings primarily on property lines of coverage written in Texas for K-12 educators and other employees of public schools and their families. This entity directly writes homeowners multiple peril, allied lines, fire, and inland marine coverages. As of December 31, 2021, the audited statutory basis financial statements of Horace Mann Lloyds reported assets of \$3.1 million, liabilities of \$20 thousand, and capital and surplus of \$3.1 million. Operations for 2021 produced a net income of \$1 thousand.

### **Educators Life Insurance Company of America**

Educators Life Insurance Company of America (ELICA) is an Illinois-domiciled and wholly owned subsidiary of Horace Mann Educators Corporation. This entity assumes all of the Arizona

business, except indexed universal life and a block of whole life business in the state of Florida, from Horace Mann Life Insurance Company. Educators Life Insurance Company of America does not actively market life or health business and owns 100% of the outstanding shares of Horace Mann Life Insurance Company. As of December 31, 2021, the audited statutory basis financial statements of Educators Life Insurance Company of America reported assets of \$497.0 million, liabilities of \$20.2 million, and capital and surplus of \$476.8 million. Operations for 2021 produced a net income of \$3.5 million.

#### **Horace Mann Life Insurance Company**

Horace Mann Life Insurance Company (HMLIC) is an Illinois-domiciled and wholly owned subsidiary of Educators Life Insurance Company of America, which is a wholly owned subsidiary of Horace Mann Educators Corporation. This entity markets and underwrites retirement annuities (primarily tax-qualified products) and life insurance in the United States. Horace Mann Life insurance Company markets its products primarily to K-12 teachers, administrators, and other employees of public schools and their families. As of December 31, 2021, the audited statutory basis financial statements of Horace Mann Life Insurance Company reported assets of \$9,032.1 million, liabilities of \$8,559.5 million, and capital and surplus of \$472.6 million. Operations for 2021 produced a net income of \$40.2 million.

#### **National Teachers Associates Life Insurance Company**

National Teachers Associates Life Insurance Company (NTALIC) is a Texas-domiciled entity and is a wholly owned subsidiary of NTA Life Enterprises, LLC, which is a wholly owned subsidiary of Horace Mann Educators Corporation. This entity predominantly sells a variety of guaranteed renewable supplemental health products, including coverage for cancer and heart disease, and also markets short-term disability, accidental injury, and life insurance products. As of December 31, 2021, the audited statutory basis financial statements of National Teachers Associates Life Insurance Company reported assets of \$657.1 million, liabilities of \$607.6 million, and policyholders' surplus of \$49.5 million. Operations for 2021 produced a net income of \$27.2 million.

#### **NTA Life Insurance Company of New York**

NTA Life Insurance Company of New York (NTALICNY) is domiciled in the State of New York and is a wholly owned subsidiary of NTA Life Enterprises, LLC, which is a wholly owned subsidiary of Horace Mann Educators Corporation. This entity's marketplace is primarily within the public sector,

including individuals employed by educational institutions, state and local governments, and emergency facilities. As of December 31, 2021, the audited statutory basis financial statements of NTA Life Insurance Company of New York reported assets of \$10.1 million, liabilities of \$2.4 million, and policyholders' surplus of \$7.7 million. Operations for 2021 produced a net income of \$282 thousand.

#### **Horace Mann Service Corporation**

Horace Mann Service Corporation (HMSC) is an Illinois-domiciled wholly owned subsidiary of Horace Mann Educators Corporation, which provides HMEC and all its subsidiaries, employees, shared facilities, property and equipment and other services including accounting, investment and capital management, cash management, underwriting, claims adjusting, commission processing, tax, audit, and other support services as well. As of December 31, 2021, the unaudited GAAP financial statements of Horace Mann Service Corporation reported assets of \$97.6 million, liabilities of \$107.2 million, and shareholders' equity of -\$9.6 million. Operations for 2021 produced a net loss of \$286.

#### **ABM Service Corporation**

ABM Service Corporation (ABM) is a Delaware-domiciled wholly owned subsidiary of Horace Mann Educators Corporation that provides agency and brokerage business and holds the Horace Mann agent contracts. It was incorporated on August 22, 1989. ABM is a shell company.

#### **Horace Mann MGA and Brokerage of Florida, Inc.**

Horace Mann MGA and Brokerage of Florida, Inc. (HM MGA) is a Florida-domiciled corporation that is a wholly owned subsidiary of Horace Mann Service Corporation, which is a wholly owned subsidiary of Horace Mann Educators Corporation. This entity is authorized to act as a managing general agent for the property and casualty business written in Florida. It was incorporated on December 18, 2003. As of December 31, 2021, the unaudited GAAP financial statements of Horace Mann MGA and Brokerage of Florida reported assets of \$239.3 thousand, liabilities of -\$8.7 thousand, and shareholders' equity of \$248.0 thousand. Operations for 2021 produced a net income of \$86.3 thousand.

#### **HMN Properties, LLC**

HMN Properties, LLC (HMN) is an Illinois-domiciled limited liability company that is a wholly owned subsidiary of Horace Mann Service Corporation, which is a wholly owned subsidiary of Horace



Mann Educators Corporation. This entity was created to hold property acquired in Springfield, Illinois. It was formed on September 27, 2021.

**Horace Mann Investors, Inc.**

Horace Mann Investors, Inc. (HMI) is a Maryland-domiciled broker/dealer wholly owned subsidiary of Horace Mann Educators Corporation. This entity was formed for the purpose of distributing HMLIC's variable annuities. It was incorporated on May 27, 1957. As of December 31, 2021, the unaudited GAAP financial statements of Horace Mann Investors, Inc reported assets of \$2.6 million, liabilities of \$457.5 thousand, and shareholders' equity of \$2.1 million, Operations for 2021 produced a net income of \$395.5 thousand.

**Benefit Consultants Group, Inc.**

Benefit Consultants Group, Inc. (BCG) is a Pennsylvania-domiciled entity acquired by Horace Mann Educators Corporation on January 2, 2019. Benefit Consultants Group, Inc. is a retirement plan provider that provides consulting, plan design, administration, recordkeeping, regulatory compliance, and fiduciary services. As of December 31, 2021, the unaudited GAAP financial statements of Benefit Consultants Group, Inc. reported assets of \$12.1 million, liabilities of \$1.9 million, and shareholders' equity of \$10.2 million, Operations for 2021 produced a net loss of \$288.1 thousand.

**BCG Securities, Inc.**

BCG Securities, Inc. (BCGS) is a Pennsylvania domiciled entity acquired by Horace Mann Educators Corporation on January 2, 2019. BCG Securities, Inc. is a broker dealer and is in the process of merging with HMI, intended to be the surviving corporation. As of December 31, 2021, the unaudited GAAP financial statements of BCG Securities, Inc. reported assets of \$4.0 million, liabilities of -\$910.2 thousand, and shareholders' equity of \$4.9 million, Operations for 2021 produced a net income of \$269.3 thousand.

**NTA Life Enterprises, LLC**

NTA Life Enterprises, LLC (NTA Enterprises) is a holding company incorporated August 24, 1995, in Texas and was acquired by Horace Mann Educators Corporation on July 1, 2019. Since the acquisition, NTA Life Enterprises has served as the intermediate holding company for the NTA companies. As of December 31, 2021, the unaudited GAAP financial statements of National Teachers

Associates Life Enterprises, LLC reported assets of \$570.1 thousand, liabilities of -\$3.1 million, and shareholders' equity of \$3.7 million. Operations for 2021 produced a net loss of \$409.1 thousand.

**NTA Life Holdings, Inc**

NTA Life Holdings, Inc. (NTA Holdings) (formerly Ellard Enterprises, Inc.) was incorporated August 8, 1977, in Texas and is a wholly owned subsidiary of NTA Life Enterprises, LLC. This entity was previously the holding company for National Teachers Associates Life Insurance Company but has been dormant since the HMEC acquisition on July 1, 2019. As of December 31, 2021, the unaudited GAAP financial statements of NTA Life Holdings, Inc. reported assets of \$32.4 thousand, liabilities of -\$659, and shareholders' equity of \$33.1 thousand. Operations for 2021 produced a net loss of \$995.

**NTA Life Micronix, Inc.**

NTA Life Micronix, Inc. (NTA Micronix) (formerly EE Micronix, Inc.) was incorporated August 24, 1995, in Texas and is a wholly owned subsidiary of NTA Life Enterprises, LLC. This entity serves as the owner of information systems hardware and software for the NTA Enterprises group. As of December 31, 2021, the unaudited GAAP financial statements of NTA Life Micronix, Inc. reported assets of \$2.2 million, liabilities of \$74.4 thousand, and shareholders' equity of \$2.2 million. Operations for 2021 produced a net income of \$90.9 thousand.

**NTA Life Management, Inc.**

NTA Life Management, Inc. (NTA Management) (formerly NTA Management, Inc.) was incorporated August 24, 1995, in Texas and is a wholly owned subsidiary of NTA Life Enterprises, LLC. Prior to the acquisition, this entity was the employer and shared service entity for the NTA Enterprises group. This entity is inactive and will be dissolved in 2023. As of December 31, 2021, the consolidated GAAP financial statements of NTA Life Management, Inc. reported assets of \$3.1 million, liabilities of \$2.9 million, and shareholders' equity of \$217.5 thousand. Operations for 2021 produced a net loss of \$215.7 thousand.

**National Teachers Associates of New York, Inc.**

National Teachers Associates of New York, Inc. (NTANY) was incorporated February 25, 2013, in New York and is a wholly owned subsidiary of Horace Mann General Agency Corporation, which

is a wholly owned subsidiary of NTA Life Enterprises, LLC. The purpose of this entity was to act as an agent of an insurance carrier. NTANY is currently dormant.

#### **NTA Life Marketing, Inc.**

NTA Life Marketing, Inc. (NTA Marketing) (formerly National Business Associates, Inc.) was incorporated September 2, 1997, in Delaware and is a wholly owned subsidiary of NTA Life Enterprises, LLC. The company has been dormant without any activity for several years. As of December 31, 2021, the unaudited GAAP financial statements of NTA Life Marketing, Inc reported assets of \$9.5 thousand, zero liabilities, and shareholders' equity of \$9.5 thousand.

#### **Horace Mann General Agency Corporation**

Horace Mann General Agency Corporation (HMGAC) (formerly known as National Teacher Associates, Inc.) was incorporated October 26, 1993, in Delaware and is a wholly owned subsidiary of NTA Life Enterprises, LLC. The HMGAC provides administrative and other services to the group. As of December 31, 2021, the unaudited GAAP financial statements of Horace Mann General Agency Corporation reported assets of \$21.3 million, liabilities of \$1.2 million, and shareholders' equity of \$20.1 million. Operations for 2021 produced a net income of \$2.3 million.

#### **Agreements with Affiliates**

##### **Shared Services Agreement**

Effective January 3, 2022, MNL entered into a Shared Services Agreement with Horace Mann Service Corporation ("HMSC") and certain other named affiliates. The agreement lays out the shared services to be provided by the employer company, HMSC, including accounting, tax, auditing, underwriting, claims adjusting, investment and capital management, cash management, commission processing, and other support services as well as providing for shared facilities, property, and equipment. It provides for equitable allocation of costs with monthly settlement of balances.

##### **Consolidated Income Tax Allocation Agreement**

Madison National Life Insurance Company is included in the consolidated federal income tax return of Horace Mann Educators Corporation and applicable subsidiaries effective January 3, 2022. The company became a party to a Consolidated Income Tax Allocation Agreement with HMEC, whereby

the subsidiaries pay to or recover from the parent the federal income taxes it would have incurred as if that entity were filing its own return.

## 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.

The company purchases quota share reinsurance and excess reinsurance in amounts deemed appropriate by its management. The company monitors its retention amounts by product line and can adjust its retention as appropriate. The company cedes business to individual reinsurance companies rated A- or better by AM Best, or upon the provision of adequate security, such as a trust account. The company currently retains most of the risk on the long-term disability, short-term disability, and group term life products. The summary of reinsurance contracts is as follows:

### **Specialty Health Segment**

The company retains nearly all risk for its specialty health segment, with the exception of limited medical fixed indemnity and occupation accident business.

#### Limited Medical Fixed Indemnity

A Limited Medical Fixed Indemnity product for Intermittent Workers administered by Loomis has a quota share agreement with Anthem Insurance Companies., Inc. for 50% quota share cession in 2021 and a 77.5% quota share cession in 2020.

#### Occupational Accident

The Occupational Accident business has \$4 million excess of loss coverage with various Lloyd's Syndicates for claims over \$1 million per occurrence. Reinsurance coverage for Occupational Accident was terminated May 1, 2021.

### **Group Segment**

#### Group Long-Term Disability

The long-term disability business produced by National Insurance Services (NIS) and the long-term disability business produced by North American Benefits Company (NABCO), have a 25% quota share agreement with RGA Reinsurance Company (RGA).

### Group Life

Beginning in 2020, MNL cedes 25% of the group term life block of business produced by NIS to RGA and has an excess reinsurance agreement with RGA for claims over \$250 thousand. In 2019 MNL ceded 40% and from 2015-2018, MNL ceded 50% of this business to RGA and had the same excess agreement throughout those periods.

The group term life business produced by NABCO has an excess reinsurance agreement with RGA beginning in 2018 for benefits over \$125 thousand. This treaty is still active. The quota share reinsurance does not apply to this business.

### **Individual Segment**

Madison National Life ceased writing any life or annuity policies in July 2015. MNL ceded the remaining runoff life and annuity policies to National Guardian Life Insurance Company (NGL) on July 31, 2015. On a net basis, MNL's individual segment retains an immaterial amount of risk. This is due to two significant reinsurance cessions that were made to Guggenheim and NGL. In addition, MNL cedes 100% of long-term care business to Munich American Reassurance Company.

### Guggenheim Life and Annuity Company

MNL entered into a Coinsurance Agreement with Guggenheim Life and Annuity Company, effective May 31, 2013, to cede the net-retained risks of most of the company's annuity, universal life, and a portion of the traditional life business with reserves of \$226.1 million. The purchase price was \$1.0 million and resulted in net transfer to Guggenheim of \$214.9 million. In 2014, assumption certificates were issued for policies reinsured 100% with Guggenheim as they were approved by the applicable state or policyholder. The assumption process was on a state-by-state basis. As of July 2020, all eligible policies were novated to Guggenheim based on the requirements for each state. As of December 31, 2021, approximately 59% of the business sold to Guggenheim has been novated.

### National Guardian Life Insurance Company

On July 31, 2015, the company entered into a Coinsurance and Sale Agreement with National Guardian Life Insurance Company to substantially cede all of their individual life and annuity policy blocks currently in runoff, and to sell the related infrastructure associated with the administration of such policies. The company transferred net reserves of approximately \$255.3 million, net policy loans of

\$9.7 million, and deferred premiums of \$4.7 million. Cash of \$200.0 million was transferred to NGL, net of the aggregate purchase price of \$40.8 million for the coinsurance and sale transaction. Subsequent to the transaction, MNL worked with NGL to assign business that was previously assumed by MNL and one significant reinsurance agreement, to extinguish MNL's liability.

#### Long-Term Care

Effective May 1, 2002, MNL entered into a 100% coinsurance quota share with Munich American Reassurance Company to cede its long-term care business. MNL's long-term care business has been in runoff since 2011; as such, no new policies are currently being underwritten. In 2021, the ceded long-term care premiums were \$480,453 and reported reserve credit was \$6.2 million.

## **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, 2021, 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, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and security surplus calculation.



**Madison National Life Insurance Company, Inc.**  
**Assets**  
**As of December 31, 2021**

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$ 89,758,328	\$	\$ 89,758,328
Cash, cash equivalents, and short-term investments	123,422,523		123,422,523
Receivables for securities	676,462		676,462
Investment income due and accrued	889,666		889,666
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	8,604,743	51,638	8,553,105
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	255,967		255,967
Reinsurance:			
Amounts recoverable from reinsurers	3,747,542		3,747,542
Funds held by or deposited with reinsured companies	7,374		7,374
Other amounts receivable under reinsurance contracts	3,353,784		3,353,784
Current federal and foreign income tax recoverable and interest thereon	1,440,173		1,440,173
Net deferred tax asset	1,784,875		1,784,875
Electronic data processing equipment and software	3,158,862	3,017,171	141,691
Furniture and equipment, including health care delivery assets	18,495	18,495	
Receivable from parent, subsidiaries and affiliates	31,259		31,259
Health care and other amounts receivable	4,328,448	1,472,406	2,856,042
Write-ins for other than invested assets:			
Prepaid expenses	<u>447,586</u>	<u>447,586</u>	<u>                    </u>
<b>Total Assets</b>	<b><u>\$241,926,087</u></b>	<b><u>\$ 5,007,296</u></b>	<b><u>\$236,918,791</u></b>

**Madison National Life Insurance Company, Inc.**  
**Liabilities, Surplus, and Other Funds**  
**As of December 31, 2021**

Aggregate reserve for life contracts		\$ 23,788,768
Aggregate reserve for accident and health contracts		57,930,507
Liability for deposit-type contracts		200,139
Contract claims:		
Life		6,785,979
Accident and health		33,456,197
Premiums and annuity considerations received in advance		23,089
Contract liabilities not included elsewhere:		
Other amounts payable on reinsurance		6,370,817
Interest maintenance reserve		2,474,300
Commissions to agents due or accrued		2,814,256
Commissions and expense allowances payable on reinsurance assumed		4,053,755
General expenses due or accrued		1,731,555
Taxes, licenses, and fees due or accrued, excluding federal income taxes		1,261,644
Amounts withheld or retained by reporting entity as agent or trustee		574,151
Remittances and items not allocated		1,023,379
Miscellaneous liabilities:		
Asset valuation reserve		302,004
Payable to parent, subsidiaries and affiliates		1,073,470
Write-ins for liabilities:		
Deferred admin credit		106,932
Deferred lease credit		<u>3,952</u>
<b>Total Liabilities</b>		<b>143,974,894</b>
Common capital stock	\$ 3,600,000	
Write-ins for other than special surplus funds:		
Gain on coinsurance treaty	13,366,170	
Gross paid in and contributed surplus	69,688,009	
Unassigned funds (surplus)	<u>6,289,718</u>	
<b>Total Capital and Surplus</b>		<b><u>92,943,897</u></b>
<b>Total Liabilities, Capital, and Surplus</b>		<b><u>\$236,918,791</u></b>

**Madison National Life Insurance Company, Inc.**  
**Summary of Operations**  
**For the Year 2021**

Premiums and annuity considerations for life and accident and health contracts		\$112,501,964
Net investment income		3,512,874
Amortization of interest maintenance reserve		427,268
Commissions and expense allowances on reinsurance ceded		9,339,948
Write-ins for miscellaneous income:		
Agency income		458,394
Administration fees		339,950
Other fees and miscellaneous income		<u>86,563</u>
Total income items		126,666,961
Death benefits	\$20,560,635	
Disability benefits and benefits under accident and health contracts	33,152,446	
Interest and adjustments on contract or deposit-type contract funds	1,611	
Increase in aggregate reserves for life and accident and health contracts	<u>4,979,853</u>	
Subtotal	58,694,545	
Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	27,131,059	
Commissions and expense allowances on reinsurance assumed	1,896,357	
General insurance expenses and fraternal expenses	22,282,841	
Insurance taxes, licenses, and fees excluding federal income taxes	2,862,611	
Increase in loading on deferred and uncollected premiums	(290,513)	
Write-in for deductions:		
Reserves transferred on reinsurance transactions	<u>277,988</u>	
Total deductions		<u>112,854,888</u>
Net gain (loss) from operations after dividends to policyholders, refunds to members, and before federal income taxes		13,812,073
Federal and foreign income taxes incurred (excluding tax on capital gains)		<u>1,552,972</u>
Net gain (loss) from operations after dividends to policyholders, refunds to members, and federal income taxes and before realized capital gains or (losses)		12,259,101
Net realized capital gains or (losses)		<u>164,406</u>
Net Income (Loss)		<u>\$ 12,423,507</u>

**Madison National Life Insurance Company, Inc.**  
**Cash Flow**  
**For the Year 2021**

Premiums collected net of reinsurance		\$107,834,874
Net investment income		5,675,941
Miscellaneous income		<u>8,619,687</u>
Total		122,130,502
Benefit- and loss-related payments	\$37,493,296	
Commissions, expenses paid, and aggregate write-ins for deductions	52,228,245	
Federal and foreign income taxes paid (recovered)	<u>6,897,975</u>	
Total deductions		<u>96,619,516</u>
Net cash from operations		25,510,986
Proceeds from investments sold, matured, or repaid:		
Bonds	\$93,661,119	
Stocks	1,797,956	
Net gains (losses) on cash, cash equivalents, and short-term investments	<u>1</u>	
Total investment proceeds		95,459,076
Cost of investments acquired (long-term only):		
Bonds	20,883,490	
Miscellaneous applications	<u>361,961</u>	
Total investments acquired		<u>21,245,451</u>
Net cash from investments		74,213,625
Cash from financing and miscellaneous sources:		
Net deposits on deposit-type contracts and other insurance liabilities	83,412	
Other cash provided (applied)	<u>(1,724,939)</u>	
Net cash from financing and miscellaneous sources		<u>(1,641,527)</u>
<b>Reconciliation:</b>		
Net change in cash, cash equivalents, and short-term Investments		98,083,084
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>25,339,439</u>
End of year		<u>\$123,422,523</u>

**Madison National Life Insurance Company, Inc.  
Compulsory and Security Surplus Calculation  
December 31, 2021**

Assets		\$ 236,918,791
Less liabilities		<u>143,974,894</u>
Adjusted surplus		92,943,897
Annual premium:		
Individual life and health	\$ 9,081	
Factor	<u>15%</u>	
Total		\$ 1,362
Group life and health	107,887,350	
Factor	<u>10%</u>	
Total		<u>10,788,735</u>
Compulsory surplus (subject to a \$2,000,000 minimum)		10,790,097
Compulsory Surplus Excess (Deficit)		<u>\$ 82,153,800</u>
Adjusted surplus (from above)		\$ 92,943,897
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>14,890,334</u>
Security Surplus Excess (Deficit)		<u>\$ 78,053,563</u>

**Madison National Life Insurance Company, Inc.**  
**Analysis of Surplus**  
**For the 4-Year Period Ending December 31, 2021 (in thousands)**

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:

	2021	2020	2019	2018
Capital and surplus, beginning of year	\$86,105	\$83,256	\$196,031	\$179,648
Net income	12,424	14,359	16,460	16,050
Change in net unrealized capital gains/losses	(3,171)	(1,399)	(103,472)	16,474
Change in net deferred income tax	639	786	521	176
Change in nonadmitted assets and related items	(1,557)	(482)	(1,461)	(199)
Change in asset valuation reserve	405	(210)	17,241	(2,186)
Dividends to stockholders		(8,300)	(146,972)	(12,035)
Write-ins for gains and (losses) in surplus:				
Reclass of previously recorded unrealized gains on MIC stock			106,809	
Gain on Coinsurance Treaty	(1,901)	(1,905)	(1,901)	(1,898)
Capital and surplus, end of year	<u>\$92,944</u>	<u>\$86,105</u>	<u>\$ 83,256</u>	<u>\$196,031</u>

**Madison National Life Insurance Company, Inc.**  
**Insurance Regulatory Information System**  
**For the 4-Year Period Ending December 31, 2021**

The company's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. Unusual IRIS results are denoted with asterisks and discussed below the table.

Ratio	2021	2020	2019	2018
#1 Net change in capital & surplus	8%	3%	-58%*	9%
#2 Gross change in capital & surplus	8	3	-58*	9
#3 Net income to total income	10	11	14	14
#4 Adequacy of investment income	134	167	197	453
#5 Non-admitted to admitted assets	2	2	1	0
#6 Total real estate & mortgage loans to cash & invested assets	0	0	0	0
#7 Total affiliated investments to capital & surplus	0	3	0	71
#8 Surplus relief	8	11	13	6
#9 Change in premium	1	6	7	2
#10 Change in product mix	0.6	1.0	18.2*	0.2

<b>Ratio</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
#11 Change in asset mix	5.6*	0.3	5.5*	0.7
#12 Change in reserving ratio	-100*	0	0	100*

Ratio No. 1 and Ratio No. 2 measure the improvement or deterioration in an insurer's financial condition during the year. Ratio No. 2 measures the gross change in surplus and takes operational results and paid-in or transferred capital into account, while Ratio No. 1 only takes operational results into account. The usual range for both ratios include all results greater than -10% and less than 50%. Both ratios were outside the usual range in 2019 due mostly to a decrease of total capital and surplus of \$112.8 million. In 2019, MNL paid an extraordinary dividend of \$142.0 million to its parent at the time, Independence Capital Corporation (ICC). The extraordinary dividend consisted of the common and preferred stock of Madison Investors Corporation.

Ratio No. 10 measures the average change in the percentage of total premium from each product line during the year. The usual range for the ratio is results less than 5%. The unusual result was noted in 2019. The Group A&H premium was included in Other A&H premium for the 2019 calculation based on a change to the Analysis of Operations statement blank, which resulted in an unusually large change for both product lines. When the Group A&H premium is moved to the consistent product line for 2019, it results in a ratio of 0.7%, which is within the expected range and consistent with other years.

Ratio No. 11 measures the change in the breakdown of all assets within the insurer investment portfolio. The unusual results were noted in 2021 and 2019. In 2021, the company had a significant amount of cash and cash equivalent investments because the company had essentially stopped investing its assets in preparation for the sale. The unusual value in 2019 was largely due to the \$142.0 million extraordinary dividend consisting of MIC's common and preferred stock. After the dividend was paid, MNL held very little common stock as its investment portfolio was mainly composed of bonds and cash and cash equivalents.

Ratio No. 12 compares the current year reserving ratio to the prior year's ratio. The reserving ratio is the ratio of increase in aggregate reserves for life business to premiums for life business to the prior year's ratio. Positive ratio results indicate an increase in the ratio from the prior year with negative results indicating a decrease. The usual range of the number of percentage points of difference between

the reserving ratios for current and prior years includes all results less than 20% but greater than -20%. The unusual value in 2021 is mostly due to the increase of the Term to 120 product of \$1.5 million. In 2018, the change in life reserves in life business was immaterial. The unusual result was triggered by a negative value in net single premiums-ordinary life.

#### **Growth of Madison National Life Insurance Company, Inc.**

<b>Year</b>	<b>Admitted Assets</b>	<b>Liabilities</b>	<b>Capital and Surplus</b>
2021	\$236,918,791	\$143,974,894	\$92,943,897
2020	209,979,968	123,874,672	86,105,296
2019	201,921,941	118,666,313	83,255,628
2018	337,362,165	141,331,603	196,030,562
2017	326,308,262	146,660,171	179,648,091

#### **Net Life Premiums, Annuity Considerations, and Deposits**

<b>Year</b>	<b>Life Insurance Premiums</b>	<b>Annuity Considerations</b>	<b>Deposit-type Contract Funds</b>
2021	\$29,352,554	\$0	\$0
2020	27,885,222	0	0
2019	21,157,768	0	0
2018	17,205,316	0	0
2017	16,399,399	0	0

#### **Life Insurance In Force (in thousands)**

<b>Year</b>	<b>In Force End of Year</b>	<b>Reinsurance Ceded</b>	<b>Net In Force</b>
2021	\$17,108,848	\$5,287,843	\$11,821,005
2020	15,291,383	4,812,708	10,478,675
2019	14,676,658	6,519,913	8,156,745
2018	14,112,326	7,482,256	6,630,070
2017	13,391,344	6,825,940	6,565,404



### Accident and Health

Year	Net Premiums Earned	Incurred Claims and Cost Containment Expenses*	Commissions Incurred	Other Expenses Incurred**	Combined Loss and Expense Ratio
2021	\$83,172,017	\$38,376,383	\$16,553,490	\$17,471,569	87.0%
2020	79,054,153	37,668,106	15,259,965	18,705,913	90.6
2019	78,984,524	34,618,143	15,475,752	15,136,485	82.6
2018	76,907,011	33,519,278	14,167,756	15,739,248	82.5
2017	71,256,552	36,398,181	11,823,970	14,656,489	88.3

\* Includes increase in contract reserves

\*\* Includes taxes, licenses, and fees

The company has experienced, over the four-year period, a contraction of its admitted assets and surplus due largely to the payment of an extraordinary dividend of \$142.0 million to its parent at the time, Independence Capital Corporation (ICC) in 2019. Over the same period, the company posted a 79% increase in life insurance premiums and an increase in retention for the group term life product. MNL's growth is due essentially to an increase in its offerings to the education market. MNL has increased, year after year, its group segment's customer base, primarily Midwest school districts.

During the period under examination, net premium earned for accident and health business increased 16.7%. The 2021 premiums included \$4.7 million of assumed business with no comparable amount in the prior years. Despite an increase in premium written over that period, the incurred claims and cost containment expenses have stayed relatively stable. Overall, the company's accident and health business remained profitable as reflected by the combined ratio which has been consistently below 100% from 2017 to 2021.

**Reconciliation of Surplus per Examination**

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2021, is accepted.

**Examination Reclassifications**

There were no examination reclassifications as a result of this examination.

## VII. SUMMARY OF EXAMINATION RESULTS

### Compliance with Prior Examination Report Recommendations

There were nine specific comments and recommendations in the previous examination report. Comments and recommendations contained in the last examination report and actions taken by the company are as follows:

1. Actuarial Opinion Memorandum—It is again recommended that the actuary include specific criteria for determining asset adequacy as required by VM-30 in the Valuation Manual. It is further recommended that the company include the source of liability in force, investment reserves, the impact of federal income taxes, and other items identified in VM-30 in future actuarial memoranda.

Action—Compliance.

2. Affiliated Agreements-Approval—It is recommended that the company provide 30 days' notice to the commissioner prior to entering into a transaction that is subject to non-disapproval in accordance with s. Ins 40.04 (2), Wis. Adm. Code.

Action—Noncompliance. See comments in the “Summary of Current Examination Results.”

3. Affiliated Agreements-Settlement Terms—It is again recommended that the company amend its affiliated service agreements to specify payment terms and due dates in accordance with s. 617.21 (1) (b), Wis. Stat., and SSAP No. 25, par. 7.

Action—Compliance.

4. Executive Compensation—It is recommended that MNL report compensation in accordance with the instructions on the Report of Executive Compensation per ss. 601.42 and 611.63 (4), Wis. Stat.

Action—Compliance.

5. Extraordinary Dividends—It is recommended that the company establish a process for ensuring all dividend payments are calculated in accordance with s. 600.03 (19), Wis. Stat.

Action—Compliance.

6. Extraordinary Dividends—It is further recommended that the company notify OCI at least 30 days prior to the distribution of an extraordinary dividend in accordance with s. 617.225 (1), Wis. Stat.

Action—Compliance.

7. IBNR Claims for Non-LTD Benefits—It is recommended that the company report the reserves for non-LTD IBNR claims in accordance with the NAIC Annual Statement Instructions—Life, Accident, and Health.

Action—Compliance.

8. Information Technology Recommendations—It is recommended that the company comply with the IT recommendations included in the New York DFS' management comment letter.

Action—Compliance.

9. Paid-up Life Reserves—It is again recommended that future annual statements include the active life reserves associated with its group paid-up life business in the Life section of Exhibit 5 and the IBNR reserves associated with the group paid-up life in Exhibit 8.

Action—Compliance.

## **Summary of Current Examination Results**

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

### **Intercompany Loan**

Approximately \$10.7 million of cash was loaned from MNL to Horace Mann Service Corporation in May 2022 to support funding of Horace Mann Service Corporation's financial obligations. The cash transfer represented 12% and 5% of the company's surplus and admitted assets, respectively, as of December 31, 2021. However, there was no Form D filing submitted to OCI for non-disapproval prior to the execution of the transfer. According to s. 617.21 (2), Wis. Stat. and ss. Ins 40.04 (2) and (2) (a), Wis. Adm. Code, loans and extensions of credit involving a domestic insurer and an affiliate are required to be submitted to OCI for non-disapproval at least 30 days prior to the effective date if the transaction exceeds the lesser of 2% of the domestic insurer's prior year-end admitted assets or 10% of prior year-end policyholder surplus. It is again recommended that the company provide 30 days' notice to the commissioner prior to entering into a transaction that is subject to non-disapproval in accordance with s. Ins 40.04 (2), Wis. Adm. Code.

It should be noted that the company subsequently filed a Form D with the OCI and the intercompany loan between MNL and Horace Mann was non-disapproved on March 10, 2023.

## VIII. CONCLUSION

Madison National Life Insurance Company, Inc was organized under the laws of Wisconsin to sell insurance products and is currently licensed in 49 states, the District of Columbia, American Samoa, Guam, and the United States Virgin Islands. The company became a member of the Horace Mann Group, effective January 1, 2022, after the acquisition of MNL by Horace Mann Educators Corporation, which is the ultimate parent, domiciled in Delaware.

Over the period under examination, the company increased its net premiums written by an average of 5% per year. The company concentrates its writing in the Midwest. The company's underwriting results have remained relatively stable, and its accident and health combined ratio stayed well below 100%. Over the same period, the company's surplus decreased significantly as a consequence of an extraordinary dividend in 2019.

MNL reported assets of \$236.9 million, liabilities of \$144.0 million, and surplus as regards to policyholders of \$92.9 million as of December 31, 2021.

The current examination was conducted in coordination with the State of Illinois as the lead state. Wisconsin placed reliance on the lead state's work as deemed applicable.

The Wisconsin examination was specific to MNL and resulted in one recommendation. In addition, there were no adjustments to surplus or reclassifications of account balances as a result of this examination. The company has complied with eight of the nine recommendations made on the previous examination.

## **IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS**

1. Page 35 - Intercompany funding—It is again recommended that the company provide 30 days' notice to the commissioner prior to entering into a transaction that is subject to non-disapproval in accordance with s. Ins 40.04 (2), Wis. Adm. Code.

## 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:

<b>Name</b>	<b>Title</b>
Daniel Hanes	Insurance Financial Examiner
Eleanor Lu, CISA	IT Specialist
Nicholas Hartwig, AFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,



Abdel-Aziz T. Kondoh  
Examiner-in-Charge