

Report of the Examination of  
Sentry Life Insurance Company  
Stevens Point, Wisconsin  
As of December 31, 2023

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Wisconsin Office of the  
**COMMISSIONER OF INSURANCE**  
**FINANCIAL REGULATION**

Tony Evers, Governor of Wisconsin  
Nathan Houdek, Commissioner of Insurance

March 7, 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:

SENTRY LIFE INSURANCE COMPANY  
Stevens Point, Wisconsin

and this report is respectfully submitted.

## I. INTRODUCTION

The previous examination of Sentry Life Insurance Company (the company) was conducted in 2019 and 2020 as of December 31, 2018. 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 Sentry Insurance Company (SIC) and its subsidiaries and affiliates, including affiliated companies domiciled in Texas and New York, with Wisconsin acting in the capacity as the lead state for the coordinated examination. Representatives of Texas and New York participated in the examination, and their work 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 and annuity reserves, aggregate accident and health reserves, dividends to policyholders, 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 incorporated on October 23, 1958, and commenced business on November 11, 1958. The company is a direct, wholly owned subsidiary of Sentry Insurance Company (SIC) and is part of the Sentry Insurance Group (the group) led by Sentry Mutual Holding Company (SMHC). The company has a wholly owned subsidiary, Sentry Life Insurance Company of New York (SLONY), a New York-domiciled life insurer incorporated on May 23, 1966, formed specifically to write business in the state of New York.

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

California	\$114,034,184	12.1%
Texas	104,105,012	11.1
Wisconsin	96,676,897	10.3
Illinois	60,364,894	6.4
Michigan	47,272,507	5.0
All others	<u>519,361,398</u>	<u>55.1</u>
Total	<u>\$941,814,892</u>	<u>100.0%</u>

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

The major products marketed by the company include group annuities (variable and fixed); individual life (term, whole, universal, and variable universal); individual annuities (fixed and variable); and group term life that complement products written by the Sentry property and casualty companies. The major products are marketed through Sentry Insurance Group's existing sales force of 149 sales representatives.

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
Individual life	\$ 27,765,868	\$86,101	\$8,155,656	\$ 19,816,313
Individual annuities	6,075,649			6,075,649
Group term life	10,995	1	707	10,289
Group annuities	907,666,866			907,666,866
Accident & Health	<u>175,562</u>	<u></u>	<u>175,080</u>	<u>482</u>
Total All Lines	<u>\$941,694,941</u>	<u>\$86,102</u>	<u>\$8,331,444</u>	<u>\$933,449,600</u>

### III. MANAGEMENT AND CONTROL

#### Board of Directors

The company's board of directors (the board) consists of five members, who are elected to serve one-year terms during the company's annual shareholder's meeting.

Currently, the board consists of the following persons:

<b>Name</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Peter G. McPartland	Chairman of the Board and Chief Executive Officer and President, Sentry Mutual Holding Company	2025
Timothy K. Kovac	Vice President, General Counsel and Corporate Secretary, Sentry Mutual Holding Company	2025
James E. McDonald	Vice President, Sentry Mutual Holding Company	2025
Sean R. Nimm	Vice President and Chief Actuary, Sentry Mutual Holding Company	2025
Todd M. Schroeder	Vice President, Chief Financial Officer and Treasurer, Sentry Mutual Holding Company	2025

#### Officers of the Company

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

<b>Name</b>	<b>Office</b>
John J. Hyland	President
Sean R. Nimm	Vice President
Timothy K. Kovac	Secretary
Paul M. Gwidt	Treasurer

#### Committees of the Board

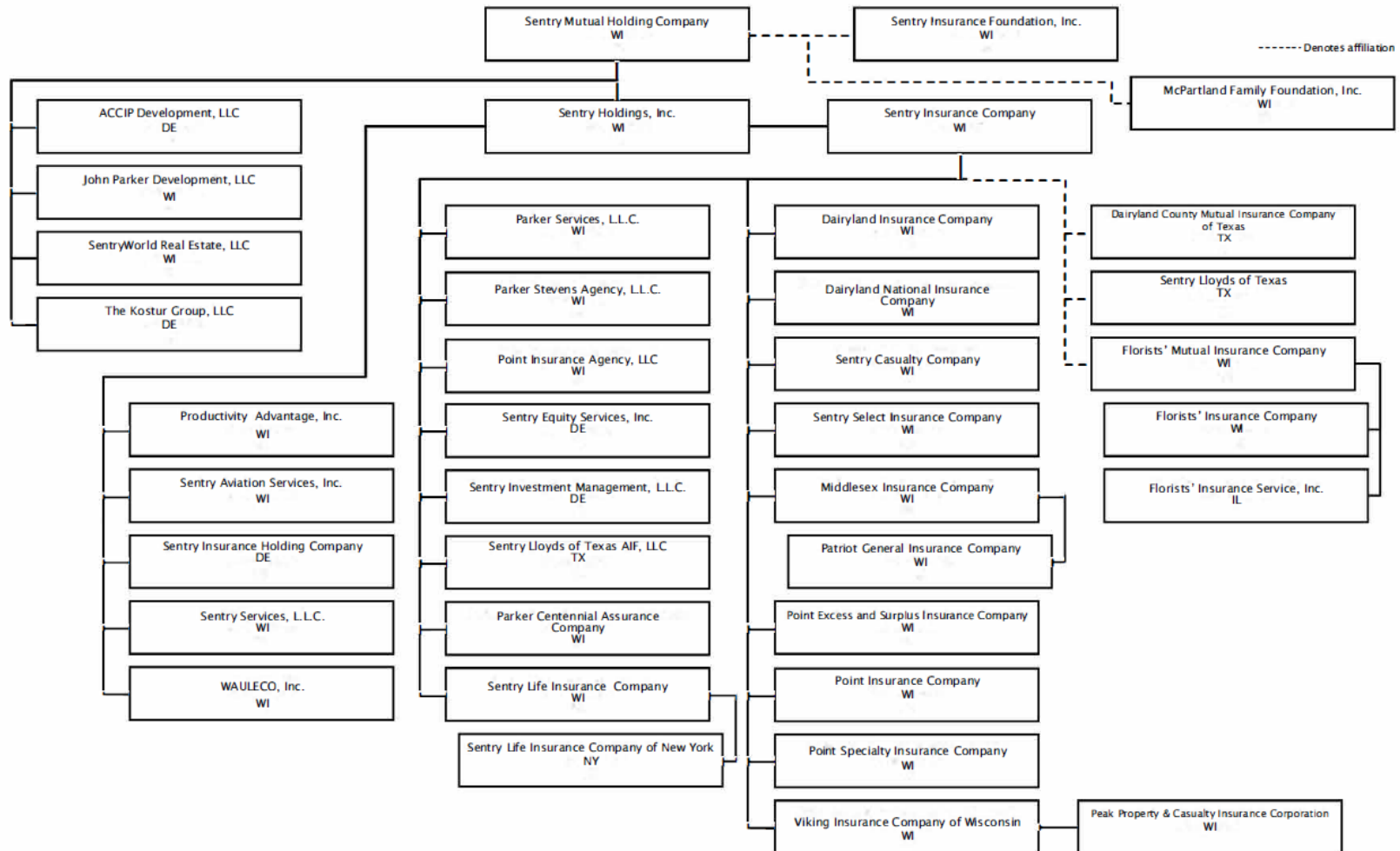
The company's bylaws allow for the formation of certain committees by the board of directors. There were no committees appointed by the board at the time of the examination.

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

The company, as a member of the group, is a member of a holding company system. The organizational chart below depicts the relationships among the affiliates in the group. A brief description of affiliates deemed significant follows the organizational chart.



# Organizational Chart As of December 31, 2023



### **Sentry Mutual Holding Company**

SMHC is a Wisconsin-domiciled mutual holding company and the ultimate controlling party of the group. SMHC was formed on January 1, 2021, as part of the group's mutual holding company conversion. As of December 31, 2023, the statutory basis consolidated audited financial statements of SMHC and subsidiaries and affiliates reported total assets of \$25 billion, liabilities of \$17 billion, and policyholders' surplus of \$8 billion. Operations for 2023 produced a net income of \$338 million.

### **Sentry Holdings, Inc**

Sentry Holdings, Inc. (SHI) is a Wisconsin-domiciled intermediate holding company. SHI was incorporated on January 1, 2021, and is a wholly owned subsidiary of SMHC. SHI is SIC's direct parent, holding 100% of SIC's voting shares of stock.

### **Sentry Insurance Company**

SIC is a Wisconsin-domiciled stock insurer. SIC is licensed in 50 states and the District of Columbia and provides property and casualty insurance. All insurance-producing and insurance ancillary affiliates of the group, including the company, are subsidiaries and affiliates of SIC. SIC was incorporated on June 10, 1903, as Hardware Dealers Mutual Fire Insurance Company of Wisconsin (HDMFIC) and commenced business on April 8, 1904. In 1971, HDMFIC changed its name to Sentry Insurance a Mutual Company (SIAMCO). Effective January 1, 2021, the group underwent a mutual holding company conversion. As part of this conversion, SMHC was formed. SIAMCO transferred ownership in five non-insurance entities to SMHC, was renamed to SIC, and converted to a stock insurer, issuing 100% of its voting stock to the newly formed intermediate holding company SHI. As of December 31, 2023, the financial statements of SIC reported net admitted assets of \$12.4 billion, liabilities of \$4.4 billion, and policyholders' surplus of \$8 billion. Operations for 2023 produced a net income of \$371 million.

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

SLONY is a New York-domiciled life insurer incorporated on May 23, 1966, and is a wholly owned subsidiary of the company. SLONY is licensed solely in New York. SLONY writes predominantly group annuity business, though individual life insurance and annuity products are written as well, to a much lesser extent. SLONY retains nearly all of its direct writings. As of December 31, 2023, the statutory

basis audited financial statements of SLONY reported assets of \$154,160,679, liabilities of \$143,483,706, capital and surplus of \$10,676,973, and a net income of \$315,674.

### **Noninsurance Subsidiaries and Affiliates**

#### **Sentry Investment Management, L.L.C.**

Sentry Investment Management, L.L.C. (SIM), a Delaware corporation organized on June 13, 1969. In 2007, SIM was converted to a limited liability corporation. SIM manages the investment portfolios of certain separate accounts of SLIC.

### **Agreements with Affiliates**

The company has no employees of its own. All of the company's operations are conducted by employees of SIC, in accordance with SIC's practices and internal controls. In addition to ongoing common management and control by its parent, the company's operations are affected by various written agreements between the group's subsidiaries and affiliates.

#### **Intercompany Administrative Services Agreement**

The company became party to the group's Intercompany Administrative Services Agreement effective July 1, 2020. According to the Intercompany Administrative Services Agreement, SIC provides reasonably necessary services to its subsidiaries and affiliates, which include executive, corporate strategy, business development, legal, corporate governance, product management, product development, premium collection, underwriting, marketing, customer sales, customer service, policy administration, billing, claims, reserving, sourcing and procurement, human resources, business integration, communications, strategic data and analytics, financial, investment management, cash management, enterprise risk, reinsurance, internal audit, licensing, compliance, physical security, information security, and information technology services. Subsidiaries and affiliates party to the agreement may also provide reasonably necessary goods and services to SIC or other subsidiaries or affiliates when requested by SIC. Service recipients are charged with an allocable share of SIC's actual costs incurred, or with the fair value of goods or services provided

#### **Tax Allocation Agreement**

The company is party to the group's Tax Allocation Agreement. On February 22, 1983, the group's board of directors adopted a written federal income tax allocation policy for the purpose of filing

federal income tax returns on a consolidated basis. This agreement includes a provision for the addition or removal of members, including naming successors, and has been amended and restated to add or remove companies as needed. The latest amended and restated agreement is effective September 28, 2021. Under this agreement, the group prepares and files a consolidated U.S. federal income tax return that includes all affiliates of the holding company group. The agreement sets forth the rights and obligations of the parties to the agreement with respect to the determination and settlement of federal income tax liabilities as well as the allocation of the group's consolidated U.S. federal income tax liability and tax benefits. The agreement provides for computation of tax, settlement of balances between affiliates, tax sharing, filing the return, audits and other adjustments, and other administrative requirements.

### **Joint Investment Agreement**

Effective October 1, 1996, the group entered into an amended and restated joint investment agreement to establish the Sentry Liquid Asset Partnership (SLAP), a joint venture organized pursuant to the Wisconsin Uniform Partnership Act. This agreement has been amended and restated to reflect current practices and to add or remove companies as needed. The company is party to the group's Eighth Amended and Restated Joint Investment Agreement, which is effective March 1, 2009, between SIC and certain subsidiaries and affiliates (collectively, the "Joint Venturers"). The business of the joint venture consists of investing and reinvesting funds, contributed by the members, and are invested only in the following: short-term obligations of United States Federal agencies; commercial paper issued by or on behalf of territories and possessions of the United States, the District of Columbia, and states or their political subdivisions, agencies, and instrumentalities, including industrial development obligations. The maximum duration of these investments allowed by this agreement is 12 months, and investment advisory services are provided by SIC and SIM. The Wisconsin Office of the Commissioner of Insurance has directed all Wisconsin-domiciled members of the group to report their respective balances in SLAP as a one-line entry on Schedule DA – Part 1 (Short-Term Investments) and Schedule E – Part 2 (Cash Equivalents). As of December 31, 2023, the company reported no SLAP short-term investments and \$46 million in SLAP money market mutual funds.

## **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**

Effective April 1, 2019, the company cedes 25% of each Patriot Term V life policy to Munich American Reinsurance Company (MARC) on a first-dollar quota share basis. The company's retention on each policy is limited to a specified maximum up to \$500,000 based on issue age, employment by Sentry, and rating tables. If the company fills its \$500,000 maximum retention, the percentage MARC will automatically accept will increase to 50% of each Patriot Term V life policy. MARC accepts policies on a facultative basis with a minimum face amount of \$250,000.

Effective April 1, 2019, the company cedes 10% of each Patriot Term V life policy to Reinsurance Group of America (RGA) on a first-dollar quota share basis. Effective October 1, 2014, the company cedes 5% of each Patriot IV policy to RGA on a first-dollar quota share basis. The company's retention on each policy is limited to specified maximum up to \$500,000 based on issue age, employment by Sentry, and rating tables. If the company fills its \$500,000 maximum retention, the percentage RGA will automatically accept will increase to 20% of each Patriot Term V life policy and 10% of each Patriot Term IV life policy.

Effective April 1, 2019, the company cedes 15% of each Patriot Term V life policy to Swiss Re on a first-dollar quota share basis. Effective October 1, 2014, the company cedes 45% of each Patriot IV policy to Swiss Re on a first-dollar quota share basis. If the company fills its \$500,000 maximum retention, the percentage Swiss Re will automatically accept will increase to 30% of each Patriot Term V life policy and 90% of each Patriot Term IV life policy. The amount the reinsurer will automatically accept is limited up to a maximum of \$1.35 million for each Patriot Term V life policy, and \$4.05 million for each Patriot IV life policy based on issue age and rate class. Swiss Re provides facultative reinsurance with minimum initial limits of \$100,000 based on age and cession method for the Patriot IV and V policies.

Effective January 1, 2020, the company began ceding 50% of Traditional Whole Life V policies and Flexible Premium Paid Up Insurance Riders above its \$100,000 retention to RGA up to a

maximum retention limit of \$500,000 based on issue age, employment by Sentry, and rating tables. Excess amounts above this level are 100% ceded to RGA on each policy and rider.

Effective January 1, 2022, the company began ceding 50% of Traditional Whole Life VI policies and Flexible Premium Paid Up Insurance Riders above its \$100,000 retention to RGA up to a maximum retention limit of \$500,000 based on issue age, employment by Sentry, and rating tables. Excess amounts above this level are 100% ceded to RGA on each policy and rider.

MARC, RGA, and Swiss Re have similar automatic jumbo limits of \$5 million per life based on various factors, which include the company's retention; and similar in-force limits on any one life of \$10 million for each contract.

The company cedes 100% of its accidental death risk liabilities covered under its term policies issued on or after January 1, 2023, to Optimum Re Insurance Company up to a limit of \$300,000 per life. Prior to January 1, 2023, the company ceded 100% of its accidental death risk liabilities covered under its term policies to SCOR Global Life USA Reinsurance Company.

All coverage is placed with reinsurers directly by the company. A review of the reinsurers participating under these agreements showed that all are companies licensed or authorized to do business in Wisconsin.

#### **Affiliated Ceding Contracts**

The company has a 100% Quota Share agreement with SIC whereby all group accident and health business written and assumed by the company is 100% ceded to SIC. Business ceded excludes group long-term disability, blanket travel accident, and dental coverage on certain named policies. The agreement became effective December 31, 1986, and was amended and restated effective January 1, 2012.

The company has a Life and Accidental Death and Dismemberment Catastrophe Excess of Loss Reinsurance Contract with SIC.

#### **Affiliated Assuming Contracts**

The company has an Automatic and Facultative Yearly Renewable Term agreement with SLONY, whereby 100% of death benefits in excess of SLONY's retention is assumed by the company. SLONY's retention is based on issue age and risk classes up to a limit of \$50,000. The agreement

became effective January 1, 1973, and was amended several times, with the most recent amendment effective January 1, 1996.

## **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.



**Sentry Life Insurance Company**  
**Assets**  
**As of December 31, 2023**

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$2,525,927,418	\$	\$2,525,927,418
Stocks:			
Common stocks	10,771,673		10,771,673
Cash, cash equivalents, and short-term investments	46,157,933		46,157,933
Contract loans	8,370,934		8,370,934
Receivables for securities	76,189		76,189
Investment income due and accrued	33,067,927		33,067,927
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	280,235		280,235
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	6,660,243		6,660,243
Reinsurance:			
Amounts recoverable from reinsurers	101,018		101,018
Funds held by or deposited with reinsured companies	100,000		100,000
Net deferred tax asset	8,739,455	4,462,209	4,277,246
Guaranty funds receivable or on deposit	<u>2,001,130</u>	<u>                    </u>	<u>2,001,130</u>
Total assets excluding separate accounts, segregated accounts and protected cell assets	2,642,254,154	4,462,209	2,637,791,945
From separate accounts, segregated accounts and protected cell assets	<u>6,964,976,718</u>	<u>                    </u>	<u>6,964,976,718</u>
Total Assets	<u>\$9,607,230,872</u>	<u>\$4,462,209</u>	<u>\$9,602,768,663</u>

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

Aggregate reserve for life contracts		\$2,162,892,103
Aggregate reserve for accident and health contracts		2,878,368
Liability for deposit-type contracts		2,123,058
Contract claims:		
Life		4,554,747
Accident and health		16,390
Provision for policyholders' dividends, refunds to members, and coupons payable in the following calendar year:		
Not yet apportioned		121,502
Contract liabilities not included elsewhere:		
Surrender values on canceled policies		708,062
Other amounts payable on reinsurance		804,239
Interest maintenance reserve		7,616,902
Commissions to agents due or accrued		1,100
General expenses due or accrued		3,985,300
Transfers to separate accounts due or accrued (net)		(26,552)
Taxes, licenses, and fees due or accrued, excluding federal income taxes		(328,626)
Current federal and foreign income taxes		9,064,239
Amounts withheld or retained by reporting entity as agent or trustee		545,648
Remittances and items not allocated		4,163,893
Miscellaneous liabilities:		
Asset valuation reserve		16,493,736
Payable to parent, subsidiaries and affiliates		36,967,468
Write-ins for liabilities:		
VUL Policy Loans Liability		210,798
Escheat Funds		<u>175,002</u>
Total liabilities excluding separate accounts business		<u>2,252,967,377</u>
From separate accounts statement		<u>6,964,095,303</u>
Total Liabilities		9,217,062,679
Common capital stock	\$ 3,161,780	
Gross paid in and contributed surplus	43,719,081	
Unassigned funds (surplus)	<u>338,825,123</u>	
Total Capital and Surplus		<u>385,705,984</u>
Total Liabilities, Capital and Surplus		<u>\$9,602,768,663</u>

**Sentry Life Insurance Company**  
**Summary of Operations**  
**For the Year 2023**

Premiums and annuity considerations for life and accident and health contracts		\$ 933,449,600
Net investment income		126,572,744
Amortization of interest maintenance reserve		1,252,031
Separate accounts net gain from operations excluding unrealized gains or losses		3,644
Commissions and expense allowances on reinsurance ceded		1,971,846
Miscellaneous income:		
Income from fees associated with investment management, administration, and contract guarantees from separate accounts		26,942,318
Write-ins for miscellaneous income:		
Administration Fees - Other		7,503,059
Surrender Charges		<u>8,257</u>
Total income items		1,097,703,499
Death benefits	\$ 14,529,143	
Matured endowments	27,333	
Annuity benefits	89,901,176	
Disability benefits and benefits under accident and health contracts	770,773	
Surrender benefits and withdrawals for life contracts	870,110,779	
Interest and adjustments on contract or deposit-type contract funds	90,503	
Payments on supplementary contracts with life contingencies	14,279	
Increase in aggregate reserves for life and accident and health contracts	<u>(85,419,996)</u>	
Subtotal	890,023,991	
Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	9,525,530	
Commissions and expense allowances on reinsurance assumed	67	
General insurance expenses and fraternal expenses	48,196,638	
Insurance taxes, licenses, and fees excluding federal income taxes	3,380,212	
Increase in loading on deferred and uncollected premiums	3,135	
Net transfers to or (from) separate accounts net of reinsurance	107,175,421	
Write-in for deductions:		
Fines and Penalties	175	
VUL Policy Loan Liability	<u>(94,249)</u>	
Total deductions		<u>1,058,210,920</u>
Net gain (loss) from operations before dividends to policyholders, refunds to members, and federal income taxes		39,492,578

Dividends to policyholders and refunds to members	<u>122,484</u>
Net gain (loss) from operations after dividends to policyholders, refunds to members, and before federal income taxes	39,370,095
Federal and foreign income taxes incurred (excluding tax on capital gains)	<u>2,522,632</u>
Net gain (loss) from operations after dividends to policyholders, refunds to members, and federal income taxes and before realized capital gains or (losses)	36,847,463
Net realized capital gains or (losses)	<u>305,689</u>
Net Income (Loss)	<u>\$ 37,153,152</u>

**Sentry Life Insurance Company**  
**Cash Flow**  
**For the Year 2023**

Premiums collected net of reinsurance		\$ 933,569,396
Net investment income		132,995,265
Miscellaneous income		<u>36,429,124</u>
Total		1,102,993,784
Benefit- and loss-related payments	\$972,801,174	
Net transfers to separate accounts, segregated accounts, and protected cell accounts	107,172,907	
Commissions, expenses paid, and aggregate write-ins for deductions	61,196,451	
Dividends paid to policyholders	124,778	
Federal and foreign income taxes paid (recovered)	<u>3,387,080</u>	
Total deductions		<u>1,144,682,390</u>
Net cash from operations		(41,688,606)
Proceeds from investments sold, matured, or repaid:		
Bonds	\$300,590,061	
Miscellaneous proceeds	<u>(65,391)</u>	
Total investment proceeds		300,524,670
Cost of investments acquired (long-term only):		
Bonds	240,765,686	
Stocks	<u>94,700</u>	
Total investments acquired		240,860,386
Net increase (or decrease) in contract loans and premium notes	<u>(255,429)</u>	
Net cash from investments		59,919,713
Cash from financing and miscellaneous sources:		
Net deposits on deposit-type contracts and other insurance liabilities	(27,073)	
Dividends to stockholders	10,000,000	
Other cash provided (applied)	<u>12,830,705</u>	
Net cash from financing and miscellaneous sources		<u>2,803,632</u>
<b>Reconciliation:</b>		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		21,034,740
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>25,123,193</u>
End of year		<u>\$ 46,157,933</u>

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

Assets			\$9,602,768,663
Less security surplus of insurance subsidiaries			2,800,000
Less liabilities			<u>9,217,062,679</u>
Adjusted surplus			382,905,984
Annual premium:			
Individual life and health	\$39,074,243		
Factor	<u>15%</u>		
Total		\$5,861,136	
Group life and health	10,246		
Factor	<u>10%</u>		
Total		1,025	
Greater of 7.5% of considerations or 2% of reserves for annuities and deposit administration funds		<u>68,530,689</u>	
Compulsory surplus (subject to a \$2,000,000 minimum)			<u>74,392,850</u>
Compulsory Surplus Excess (Deficit)			<u>\$ 308,513,134</u>
Adjusted surplus (from above)			\$ 382,905,984
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>83,319,992</u>
Security Surplus Excess (Deficit)			<u>\$ 299,585,992</u>

**Sentry Life Insurance Company**  
**Analysis of Surplus**  
**For the 5-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:

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Capital and surplus, beginning of year	\$361,089,742	\$335,131,656	\$323,784,846	\$308,884,359	\$295,821,481
Net income	37,153,152	39,345,811	38,331,505	21,497,335	35,702,658
Change in net unrealized capital gains/losses	301,837	326,207	(238,915)	494,084	(542,629)
Change in net deferred income tax	1,928,278	(323,911)	(587,357)	289,769	2,825,506
Change in nonadmitted assets and related items	(2,425,909)	(235,787)	520,540	(655,781)	(1,665,272)
Change in asset valuation reserve	(2,407,649)	(3,077,949)	(3,206,069)	8,217,038	(2,975,043)
Surplus (contributed to) withdrawn from separate accounts	16,644	22,407	28,276	(114,000)	989,249
Other changes in surplus in separate accounts statement	49,890	(98,693)	2,326	172,042	(1,271,593)
Dividends to stockholders	(10,000,000)	(10,000,000)	(10,000,000)	(15,000,000)	(20,000,000)
Write-ins for gains and (losses) in surplus:					
Prior Period Adjustment			(13,503,496)		
Capital and Surplus, End of Year	<u>\$385,705,984</u>	<u>\$361,089,742</u>	<u>\$335,131,656</u>	<u>\$323,784,846</u>	<u>\$308,884,359</u>

**Growth of Sentry Life Insurance Company**

<b>Year</b>	<b>Admitted Assets</b>	<b>Liabilities</b>	<b>Capital and Surplus</b>
2023	\$9,602,768,663	\$9,217,062,679	\$385,705,984
2022	8,577,621,274	8,216,531,532	361,089,742
2021	9,857,485,931	9,522,354,275	335,131,656
2020	9,061,154,014	8,737,369,168	323,784,846
2019	8,168,802,859	7,859,918,500	308,884,359
2018	7,018,893,337	6,723,071,856	295,821,481

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

<b>Year</b>	<b>Life Insurance Premiums</b>	<b>Annuity Considerations</b>
2023	\$19,826,398	\$913,742,515
2022	19,931,267	861,037,680
2021	20,084,646	842,097,085
2020	20,455,506	680,521,435
2019	19,191,292	743,568,022
2018	22,751,171	772,749,646

### Life Insurance In Force (in thousands)

Year	In Force End of Year	Reinsurance Ceded	Net In Force
2023	\$4,840,819	\$2,408,263	\$2,432,556
2022	4,959,377	2,406,144	2,553,233
2021	5,009,158	2,359,615	2,649,543
2020	5,102,237	2,336,948	2,765,289
2019	5,236,770	2,359,452	2,877,318
2018	5,325,799	2,333,188	2,992,611

### Accident and Health

Year	Net Premiums Earned	Incurred Claims and Cost Containment Expenses*	Commissions Incurred	Other Expenses Incurred**	Combined Loss and Expense Ratio
2023	\$ 577	\$ 276,990	\$ (207,894)	\$ 292,440	626.58%
2022	948	46,496	(203,101)	309,231	161.00%
2021	1,442	63,368	(244,135)	363,363	136.18%
2020	1,986	380,142	(244,140)	384,702	262.19%
2019	3,340	550,298	(425,254)	612,534	220.83%
2018	3,738	(2,696,535)	(1,952,302)	2,264,898	(637.76%)

\* Includes increase in contract reserves

\*\* Includes taxes, licenses, and fees

The amount of capital and surplus reported by the company has steadily increased since the last examination, primarily due to the growth of investments held by the company over the period under examination. The company primarily writes group annuities, which accounted for roughly 96% of direct premiums written in 2023. Premiums and annuity considerations have steadily grown over the period under examination, primarily due to increased group annuity 401(k) deposits.

### 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, 2023, is accepted.

### Examination Reclassifications

No reclassifications were made as a result of the examination.



## **VII. SUMMARY OF EXAMINATION RESULTS**

### **Compliance with Prior Examination Report Recommendations**

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

### **Summary of Current Examination Results**

There were no adverse or material examination findings as a result of the current examination of the company.

## **VIII. CONCLUSION**

Sentry Life Insurance Company is a wholly owned subsidiary of Sentry Insurance Company and a member of the Sentry Insurance Group. The company has one wholly owned subsidiary, Sentry Life Insurance Company of New York. The company primarily writes group annuities, which made up roughly 96% of its direct premiums in 2023. The company has been consistently profitable during the period under examination, generating positive net income in each of the last five years due to steady investment income coupled with favorable operational results.

Capital and surplus increased from \$296 million as of year-end 2018 to \$386 million as of year-end 2023. This represents an increase of 30.4% during the period under examination.

The current examination resulted in no recommendations. There were no reclassifications of account balances or adjustments to surplus as reported by the company in its year-end 2023 statutory financial statements.

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

There were no recommendations made as a result of this examination.

## **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>
Thomas Hilger, CFE	Insurance Financial Examiner
Shelly Bueno, CFE	Insurance Financial Examiner
Gabriel Gorske, CFE	Insurance Financial Examiner
Jeremy Tang	Insurance Financial Examiner
Takoda Boyd	Insurance Financial Examiner
Kayleigh Chrostowski	Insurance Financial Examiner
Jerry DeArmond, CFE	Data Specialist
Eleanor Lu, CISA	IT Specialist
Kongmeng Yang, CFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,



Jonathan Mundschau  
Examiner-in-Charge