

OTHER FINANCIAL INFORMATION



CPAs and
Management Consultants

3200 Robbins Road
Suite 200A
Springfield, IL 62704-6525
ph 217.789.0960
fax 217.789.2822
www.kebcpa.com

Independent Auditors' Report on Other Financial Information

The Board of Directors
Universal Fidelity Life Insurance Company

We have audited the statutory financial statements of Universal Fidelity Life Insurance Company as of and for the year ended December 31, 2018, and our report thereon dated May 17, 2019, which expressed an unmodified opinion on those statutory financial statements, appears on pages 3 and 4. Our audit was performed for the purpose of forming an opinion on the statutory financial statements as a whole. As explained in the sixth paragraph of our auditors' report on the statutory financial statements, these statutory financial statements do not purport to be presented in conformity with accounting principles generally accepted in the United States of America. The accompanying supplemental schedules of selected statutory basis financial data, investment risks interrogatories and summary investment schedule are presented to comply with the National Association of Insurance Commissioners' *Annual Statement Instructions and Accounting Practices and Procedures Manual* and are not a required part of the statutory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory financial statements as a whole.

Kerber, Eck & Braeckel LLP

Springfield, Illinois
May 17, 2019

Universal Fidelity Life Insurance Company

SCHEDULE OF SELECTED STATUTORY
BASIS FINANCIAL DATA

December 31, 2018

Investment income earned	
U. S. Government bonds	\$ 36,556
Other bonds (unaffiliated)	57,526
Bonds of affiliates	-
Preferred stocks (unaffiliated)	192,131
Preferred stocks of affiliates	-
Common stocks (unaffiliated)	8,048
Common stocks of affiliates	-
Mortgage loans on real estate	-
Real estate	95,505
Contract loans	1,211
Cash, cash equivalents, and short-term investments	15,418
Other invested assets	-
Derivative instruments	-
Aggregate write-ins for investment income	-
	<hr/>
Total gross investment income	\$ 406,395
	<hr/> <hr/>
Real estate owned, at book value less encumbrances	\$ 991,239
Mortgage loans on real estate by collateral classification, at book value	
Farm mortgages	\$ -
Residential mortgages	-
Commercial mortgages	-
	<hr/>
Total mortgage loans on real estate	\$ -
	<hr/> <hr/>
Mortgage loans on real estate by standing, at book value	
Good standing	\$ -
Good standing with restructured terms	-
Interest overdue more than ninety days, not in foreclosure	-
Foreclosure in process	-
	<hr/>
Total mortgage loans on real estate	\$ -
	<hr/> <hr/>
Other long-term assets, at statement value	\$ -
Collateral loans	\$ -

Universal Fidelity Life Insurance Company

SCHEDULE OF SELECTED STATUTORY
BASIS FINANCIAL DATA - CONTINUED

December 31, 2018

Bonds and stocks of parents, subsidiaries and affiliates, at book value	
Bonds	\$ -
Preferred stocks	-
Common stocks	-
	<hr/>
Total bonds and stocks of parents, subsidiaries and affiliates	<u>\$ -</u>
Bonds and short-term investments by maturity, at statement value	
Due within one year or less	\$ 305,362
Over 1 year through 5 years	1,652,209
Over 5 years through 10 years	-
Over 10 years through 20 years	98,241
Over 20 years	754,024
	<hr/>
Total bonds and short-term investments	<u>\$ 2,809,836</u>
Bonds and short-term investments by class, at statement value	
Class 1	\$ 1,905,549
Class 2	904,287
Class 3	-
Class 4	-
Class 5	-
Class 6	-
	<hr/>
Total bonds and short-term investments	<u>\$ 2,809,836</u>
Bonds and short-term investments by trading category, at statement value	
Total bonds publicly traded	\$ 2,809,836
Total bonds privately placed	-
	<hr/>
Total bonds and short-term investments	<u>\$ 2,809,836</u>
Preferred stocks, at statement value	\$ 4,347,229
Common stocks, at market value	64,800
Short-term investments, at book value	-
Options, caps and floors owned, at statement value	-
Options, caps and floors written and in force, at statement value	-
Collars, swap and forward agreements open, at statement value	-
Futures contracts open, at current value	-
Cash on deposit and cash equivalents	2,946,695

Universal Fidelity Life Insurance Company

SCHEDULE OF SELECTED STATUTORY
BASIS FINANCIAL DATA - CONTINUED

December 31, 2018

Life insurance in force	
Ordinary (\$ 41,849,000 less reinsurance ceded of \$ 13,163,000)	\$ 28,686,000
Amount of accidental death insurance in force under ordinary policies	1,561,800
Supplementary contracts in force	
Ordinary, not involving life contingencies	
Amount on deposit	-
Income payable	-
Ordinary, involving life contingencies - income payable	-
Annuities	
Ordinary	
Immediate - income payable	-
Deferred - fully paid (account balance)	-
Deferred - not fully paid (account balance)	-
Accident and health insurance (premiums in force)	
Ordinary	779,569
Group	897,156
Deposit funds and dividend accumulations (account balance)	
Deposit funds	-
Dividend accumulations	-
Claim payments for the year ended December 31, 2018	
by year in which losses were incurred	
Group accident and health	
2018	3,586,999
Prior	685,081
Other accident and health	
2018	513,808
Prior	81,297

Universal Fidelity Life Insurance Company

SCHEDULE OF INVESTMENT RISKS INTERROGATORIES

December 31, 2018

INVESTMENT RISK INTERROGATIVES

1. The Company's total admitted assets as reported on page two of its Annual Statement is \$ 16,129,104.
2. Following are the ten largest exposures to a single issuer/borrower/investment, by investment category, excluding: (i) U.S. government, U.S. government agency securities and those U.S. government money market funds listed in the Appendix to the *SVO Practices and Procedures Manual* as exempt, (ii) property occupied by the Company, and (iii) policy loans:

<u>Investment Category/Issuer</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
a. Annaly Capital Management	\$ 504,354	3.13%
b. Axis Capital Holdings, LTD	476,395	2.95
c. Apollo Global Management	379,455	2.35
d. Wells Fargo & Co	354,321	2.20
e. W. R. Berkley Corp	341,382	2.12
f. Chimera Investment Corp	306,278	1.90
g. Senior HSG	301,835	1.87
h. Investment Real Estate	283,333	1.76
i. Prudential Financial Inc.	279,177	1.73
j. Qwest Corporation	247,954	1.54

3. The Company's total admitted assets held in bonds and preferred stock by NAIC rating:

<u>Bonds</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
1	\$ 1,905,549	11.81%
2	904,287	5.61
3	-	.00
4	-	.00
5	-	.00
6	-	.00

Universal Fidelity Life Insurance Company

SCHEDULE OF INVESTMENT RISKS INTERROGATORIES - CONTINUED

December 31, 2018

INVESTMENT RISK INTERROGATIVES - Continued

3. The Company's total admitted assets held in bonds and preferred stock by NAIC rating:

<u>Preferred Stocks</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
1	\$ 410,758	2.55%
2	3,936,471	24.41
3	-	.00
4	-	.00
5	-	.00
6	-	.00

4. At December 31, 2018, assets held in foreign investments are less than 2.5% of the Company's total admitted assets.

Interrogatories 5 through 10 are not applicable.

11. Assets held in Canadian investments are less than 2.5% of the Company's total admitted assets.

12. Assets held in investments with contractual sales restrictions are less than 2.5% of the Company's total admitted assets.

Universal Fidelity Life Insurance Company

SCHEDULE OF INVESTMENT RISKS INTERROGATORIES - CONTINUED

December 31, 2018

INVESTMENT RISK INTERROGATIVES - Continued

13. Assets held in equity interests are greater than 2.5% of the Company's total admitted assets. Following are the Company's ten largest equity interests:

<u>Issuer</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
a. Annaly Capital Management	\$ 504,354	3.13%
b. Axis Capital Holdings, LTD	476,395	2.95
c. Apollo Global Management	379,455	2.35
d. W. R. Berkley Corp	341,382	2.12
e. Chimera Investment Corp	306,278	1.90
f. Wells Fargo & Co	302,318	1.87
g. Senior HSG	301,835	1.87
h. Prudential Financial Inc.	279,177	1.73
i. Qwest Corporation	247,954	1.54
j. KKR & Co, LP	217,317	1.35

14. Assets held in nonaffiliated, privately placed equities are less than 2.5% of the Company's total admitted assets.

15. Assets held in general partnership interests are less than 2.5% of the Company's total admitted assets.

Interrogatories 16 through 17 are not applicable.

18. Assets held in one parcel or group of contiguous parcels of real estate are less than 2.5% of the Company's total admitted assets.

Interrogatories 19-23 are not applicable.

Universal Fidelity Life Insurance Company

SUMMARY INVESTMENT SCHEDULE

December 31, 2018

<u>Investment Categories</u>	<u>Gross Investment Holdings*</u>		<u>Admitted Assets as Reported in the Annual Statement</u>	
	<u>Amount</u>	<u>Percentage of Total Invested Assets</u>	<u>Amount</u>	<u>Percentage of Total Invested Assets</u>
Bonds				
U.S. Treasury securities	\$ 1,741,283	15.5 %	\$ 1,741,283	15.5 %
U.S. government agency obligations (excluding mortgage-backed securities)				
Issued by U.S. government agencies	-	-	-	-
Issued by U.S. government-sponsored agencies	-	-	-	-
Foreign government (including Canada, excluding mortgage-backed securities)	-	-	-	-
Securities issued by states, territories, and possessions and their political subdivisions in the U.S.				
State, territories and possessions - general obligations	-	-	-	-
Political subdivisions of states, territories and possessions - general obligations	-	-	-	-
Revenue and assessment obligations	-	-	-	-
Industrial development and similar obligations	-	-	-	-
Mortgage-backed securities (includes residential and commercial MBS)				
Pass-through securities				
Issued or guaranteed by GNMA	-	-	-	-
Issued or guaranteed by FNMA and FHLMC	64,208	0.6	64,208	0.6
All other	-	-	-	-
CMOs and REMICs				
Issued by GNMA, FNMA, FHLMC, or VA	-	-	-	-
Issued by non-US Government issuers and collateralized by mortgage-backed securities	-	-	-	-
All other	-	-	-	-
Other debt and other fixed income securities (excluding short term)				
Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	1,004,345	8.9	1,004,345	8.9
Unaffiliated foreign securities	-	-	-	-
Affiliated securities	-	-	-	-

Universal Fidelity Life Insurance Company

SUMMARY INVESTMENT SCHEDULE - CONTINUED

December 31, 2018

<u>Investment Categories</u>	<u>Gross Investment Holdings*</u>		<u>Admitted Assets as Reported in the Annual Statement</u>	
	<u>Amount</u>	<u>Percentage of Total Invested Assets</u>	<u>Amount</u>	<u>Percentage of Total Invested Assets</u>
Equity interests				
Investments in mutual funds	\$ -	- %	\$ -	- %
Preferred stocks				
Affiliated	-	-	-	-
Unaffiliated	4,347,229	38.6	4,347,229	38.6
Publicly traded equity securities (excluding preferred stocks)				
Affiliated	-	-	-	-
Unaffiliated	-	-	-	-
Other equity securities				
Affiliated	-	-	-	-
Unaffiliated	64,800	0.6	64,800	0.6
Other equity interests including tangible personal property under lease				
Affiliated	-	-	-	-
Unaffiliated	-	-	-	-
Mortgage loans				
Construction and land development	-	-	-	-
Agricultural	-	-	-	-
Single family residential properties	-	-	-	-
Multifamily residential properties	-	-	-	-
Commercial loans	-	-	-	-
Real estate investments				
Property occupied by company	707,906	6.3	707,906	6.3
Property held for production of income	283,333	2.5	283,333	2.5
Property held for sale	-	-	-	-
Contract loans	92,231	0.8	92,231	0.8
Receivables for securities	-	-	-	-
Cash, cash equivalents, and short-term investments	2,946,695	26.2	2,946,695	26.2
Other invested assets	-	-	-	-
Total invested assets	\$ 11,252,030	100.0 %	\$ 11,252,030	100.0 %

* Gross investment holding as valued in compliance with *NAIC Accounting Practices and Procedures Manual*.

Universal Fidelity Life Insurance Company

NOTE TO OTHER FINANCIAL INFORMATION

December 31, 2018

NOTE A - BASIS OF PRESENTATION

The accompanying schedules and interrogatories present selected statutory basis financial data as of December 31, 2018, and for the year then ended, for purposes of complying with the Annual Audited Financial Reports in the Annual Audited Report section of the National Association of Insurance Commissioners' *Annual Statement Instructions* and the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and agrees to or is included in the amounts reported in the Company's 2018 Statutory Annual Statement as filed with the Oklahoma Insurance Department.

Certain items required of the Annual Audited Financial Reports in the Annual Audited Report section of the National Association of Insurance Commissioners' *Annual Statement Instructions* and the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* have been omitted from the schedule presented herein as amounts are zero or items are not applicable.