

STATE OF INDIANA )  
 ) SS: BEFORE THE INDIANA  
COUNTY OF MARION ) COMMISSIONER OF INSURANCE

IN THE MATTER OF: )  
 )  
**American United Life Insurance Company** )  
**One American Square** )  
**Indianapolis, Indiana 46282-0001** )

Examination of: **American United Life Insurance Company**

**NOTICE OF ENTRY OF ORDER**

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of American United Life Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 21, 2021, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of American United Life Insurance Company shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

June 14, 2021  
Date

  
Roy Eft  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7016 2070 0001 1479 8421**



Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 14 day of  
June, 2021.

  
\_\_\_\_\_  
Amy L. Beard  
Insurance Commissioner  
Indiana Department of Insurance

## ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

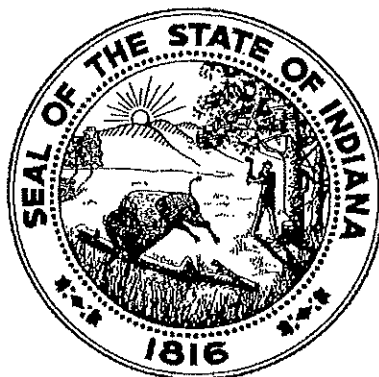
Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

**STATE OF INDIANA**  
**Department of Insurance**  
**REPORT OF EXAMINATION**  
**OF**

**AMERICAN UNITED LIFE INSURANCE COMPANY**  
NAIC Co. CODE 60895  
NAIC GROUP CODE 0619

As of

December 31, 2019



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# STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

**Indiana Department of Insurance**

Amy L. Beard, Commissioner  
311 W. Washington Street, Suite 103  
Indianapolis, Indiana 46204-2787  
Telephone: 317-232-2385  
Fax: 317-232-5251  
Website: [in.gov/idoi](http://in.gov/idoi)

April 20, 2021

Honorable Stephen W. Robertson, Commissioner  
Indiana Department of Insurance  
311 West Washington Street, Suite 300  
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4041, an examination has been made of the affairs and financial condition of:

**American United Life Insurance Company  
One American Square  
Indianapolis, Indiana 46282-0001**

hereinafter referred to as the "Company", or "AULIC", an Indiana domestic stock, life insurance company. The examination was conducted at the corporate offices of the Company in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2019, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389    COMPANY COMPLIANCE 317-232-3495    CONSUMER SERVICES 317-232-2395/1-800-622-4461    FINANCIAL SERVICES 317-232-2390    MEDICAL MALPRACTICE 317-232-2402    COMPANY RECORDS 317-232-5692    STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

## SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2010 through December 31, 2014. The present risk focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2015 through December 31, 2019, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

The examination of the Indiana domestic insurance companies of OneAmerica Financial Partners, Inc. (OneAmerica) was called by the INDOI in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The INDOI served as the lead state on the examination, and the North Dakota Insurance Department served as a participant.

Mark E. Alberts, FSA, MAAA, of Alberts Actuarial Consulting, LLC, provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2019.

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. 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 following the Company's financial statements.

This examination report includes significant findings of fact, as in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

## HISTORY

AULIC is an Indiana domiciled stock, life insurance company founded in 1877 and is headquartered in Indianapolis, Indiana.

On December 17, 2000, AULIC reorganized and formed a mutual insurance holding company, American United Mutual Insurance Holding Company (AUMIHC), and an intermediate stock holding company, OneAmerica. As part of the reorganization, AULIC converted from a mutual to a stock insurance company.

Additional affiliates of the OneAmerica and AUMIHC group include, but are not limited to, The State Life Insurance Company (SLIC) and Pioneer Mutual Life Insurance Company (PMLIC). AULIC guarantees the insurance liabilities of both SLIC and PMLIC in the event either company becomes unable to honor such liabilities.

## CAPITAL AND SURPLUS

As of December 31, 2019, the Company had 50,000 shares of common stock authorized with a par value of \$100



per share. All 50,000 shares issued and outstanding are held by AUMIHC through OneAmerica. The Company has no preferred stock outstanding.

**DIVIDENDS TO STOCKHOLDERS**

The Company paid the following dividends, (in 000s), to OneAmerica during the examination period:

<u>Year</u>	<u>Total</u>	<u>Ordinary Dividends</u>
2019	\$ -	\$ -
2018	-	-
2017	-	-
2016	-	-
2015	100,000	100,000
<b>Total</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>

In accordance with IC 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year’s surplus or the net gain from operations of such insurer of the prior year, unless prior INDOI approval is obtained. The dividends paid during the examination period were ordinary in nature and did not require prior regulatory approval. In accordance with IC 27-1-23-1.5, the Company notified the INDOI of all declared dividends to the parent during the examination period.

In 2017, the Company received a capital contribution of \$30 million from OneAmerica.

**TERRITORY AND PLAN OF OPERATION**

AULIC is currently licensed to sell life insurance in forty-nine (49) states and the District of Columbia and is an authorized reinsurer in all states. The Company is comprised of the following three (3) product divisions: retirement services, individual life and financial services, and employee benefits.

Retirement Services Division

AULIC offers 401(k) and other corporate retirement plans, 403(b) tax deferred annuity plans, pension risk transfer, benefit consulting, stable value wraps, and individual retirement account rollover products to the employer-sponsored market and to retired individuals. This division accounts for 83% of AULIC’s net premium income. These products are distributed through sales and service representatives located in regional offices, selling through AULIC’s career agents, employee benefit plan marketing organization, independent agents and brokers, and third-party administrators.

Individual Life and Financial Services Division

AULIC offers a broad range of products to individuals, families, small business owners, and the retirement and pre-retirement markets. Additionally, this division offers the Care Solutions asset-based life insurance and annuities with long-term care coverage. This division generates approximately 10% of AULIC’s net premium income. Products marketed by Individual Life and Financial Services are distributed through banks, broker general agents, a career agency force, and personal producing general agents.

### Employee Benefits Division

AULIC offers traditional and voluntary group life and disability products primarily to employer groups. This division generates approximately 7% of AULIC's net premium income. These products are distributed through agents, brokers, marketing alliances, and third-party administrators.

### GROWTH OF THE COMPANY

The following exhibit summarizes the financial results, (in 000s), of the Company during the examination period:

<u>Year</u>	<u>Admitted Assets**</u>	<u>Liabilities</u>	<u>Surplus and Other Funds</u>	<u>Premiums and Annuities</u>	<u>Net Income</u>
2019	\$ 31,388,904	\$ 30,364,207	\$ 1,024,696	\$ 4,303,702	\$ 86
2018	27,997,639	26,945,076	1,052,563	3,902,363	54,060
2017	28,804,956	27,779,403	1,025,553	4,271,353	61,384
2016	24,931,829	23,971,376	960,453	3,555,821	52,409
2015	23,571,671	22,651,296	920,374	3,571,237	13,312

\*\*The balances include immaterial balancing differences.

The overall increase in admitted assets during the exam period was primarily driven by increases in separate accounts, premium growth, and favorable investments performance. The growth in the liabilities during the exam period is also attributed to growth of the business and the corresponding liabilities of the separate accounts.

The 2019 net income is the combined result of increased benefits paid in the Retirement Services and Employee Benefits units, and material increases in aggregate reserves for all three business units, which is reflected in the increase in liabilities.

The 2018 premiums and net income decreased as a result of a decrease in Retirement Services Pension Risk Transfer (PRT) premiums from lower PRT sales in 2018. The fluctuations and general increase in premiums and annuities throughout the examination period reflect similar fluctuations in the PRT business and steady growth in the Employee Benefits unit.

### MANAGEMENT AND CONTROL

#### Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of no less than six (6) and no more than eighteen (18) directors. No person shall be eligible for election as a director who has reached, or will reach, their seventy-second birthday in the year of election and is retired from their business or profession.

The following is a listing of persons serving as directors as of December 31, 2019, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
J. Scott Davison Zionsville, Indiana	Chairman, President, and Chief Executive Officer OneAmerica Financial Partners, Inc.
Richard Ellery Carmel, Indiana	Senior Vice President, General Counsel, and Secretary OneAmerica Financial Partners, Inc.
Jeffrey Holley Zionsville, Indiana	Executive Vice President, Finance, Operations and Institutional Markets OneAmerica Financial Partners, Inc.
John Mason Fishers, Indiana	Senior Vice President and Chief Investment Officer OneAmerica Financial Partners, Inc.
Sandra McCarthy Indianapolis, Indiana	President of Retirement Services OneAmerica Financial Partners, Inc.
Karin Sarratt Carmel, Indiana	Senior Vice President and Chief Human Resource Officer OneAmerica Financial Partners, Inc.

#### Officers

The Bylaws state that the elected officers of the Company shall consist of a Chairman of the Board, a President, a Chief Executive Officer, one (1) or more Senior Vice Presidents, one (1) or more additional Vice Presidents, a General Counsel, a Medical Director, a Treasurer, a Secretary, a Controller, a Chief Actuary, and such other officers as the Board may elect. The Chairman of the Board, the President, and the Chief Executive Officer shall be chosen from among the directors of the corporation, and if any one (1) of those officers ceases to be a director they shall cease to hold that office as soon as their successor is elected and qualified. More than one (1) office may be held by the same person, except the duties of the President and Secretary shall not be performed by the same person.

The following is a list of key officers and their respective titles as of December 31, 2019:

<u>Name</u>	<u>Office</u>
J. Scott Davidson	Chairman, President, and Chief Executive Officer
Jeffrey Holley	Executive Vice President, Finance, Operations and Institutional Markets
Richard Ellery	Senior Vice President, General Counsel, and Secretary
James Humphrey	Actuary
Dennis Martin	President – Individual Life and Financial Services
Gene Berry	Senior Vice President
David Brentlinger	Senior Vice President
Jason Lilien	Senior Vice President
James McGovern II	Senior Vice President
Andrew Michie	Senior Vice President
Andrew Wilkinson	Senior Vice President
George Graessle IV	Vice President, Treasurer and Controller
Jay Williams	Vice President
Dennis Sandelski	Assistant Vice President
Nancy Moore	Senior Director

## CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2019.

## OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2019.

## CORPORATE RECORDS

### Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

### Bylaws

There were no amendments made to the Bylaws during the examination period.

### Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year.

The AUMIHC committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Audit Committee, Corporate Governance and Nominating Committee, Executive Committee, and Investment Committee.

## AFFILIATED COMPANIES

### Organizational Structure

The following organizational chart shows the Company's parent and subsidiaries as of December 31, 2019:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
American United Mutual Insurance Holding Company		
OneAmerica Financial Partners, Inc.		IN
OneAmerica Asset Management, LLC		IN
McCready & Keene, Inc.		IN
OneAmerica Retirement Services, LLC		IN
OneAmerica Investment Advisory Services, LLC		IN
NewOhio, LLC		IN
OldOhio, LLC		IN
<b>Pioneer Mutual Life Insurance Company</b>	<b>67911</b>	<b>ND</b>
<b>The State Life Insurance Company</b>	<b>69116</b>	<b>IN</b>
MRO-S, LLC		IN
<b>American United Life Insurance Company</b>	<b>60895</b>	<b>IN</b>
AUL Reinsurance Management Services, LLC		NJ
OneAmerica Securities, Inc.		IN
MRO-A, LLC		IN

### Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

#### *Administrative Services Agreements:*

AULIC has an agreement for services and administrative fees with OneAmerica Securities, Inc. (OAS) under which AULIC provides various administrative services to OAS for a fee and OAS provides various administrative services to AULIC for a fee. Under this agreement, AULIC earned fees of \$2.0 million from OAS and paid fees of \$1.0 million to OAS in 2019.

AULIC provides administrative and management services to SLIC and PMLIC for a fee. Under this agreement both SLIC and PMLIC will also provide administrative and management services to AULIC for a fee. AULIC earned fees of \$41.4 million from SLIC and \$3.1 million from PMLIC in 2019. In 2019, neither SLIC nor PMLIC provided administrative and management services to AULIC.

AULIC has an agreement to provide administrative and management services to AUL Reinsurance Management Services, LLC (RMS) for a fee. AULIC earned fees of \$0.4 million from RMS in 2019.

AULIC also has an administrative services agreement with OneAmerica Retirement Services, LLC (OARS) in which AULIC provides various administrative services to OARS for a fee. AULIC earned fees of \$18.4 million from OARS in 2019.

AULIC has an administrative services agreement with OneAmerica Investment Advisory Services, LLC (OAIAS) to provide various administrative services for OAIAS for a fee. AULIC earned fees of \$12,000 from OAIAS in 2019.

AULIC has an administrative services agreement with OneAmerica Asset Management, LLC (OAM) to provide various administrative services to OAM for a fee. AULIC earned fees of \$9.6 million from OAM in 2019.

*Investment Management Agreements:*

AULIC entered into an agreement with OAM, where OAM acts as an investment manager for AULIC for an annual fee in an amount sufficient to cover OAM's services. Under this agreement, AULIC paid \$11.1 million to OAM in 2019.

*Lease Agreement:*

AULIC has a lease agreement with OneAmerica. Under this agreement, AULIC agreed to a twenty (20) year net lease on the property for use as a facility for business recovery operations, coordination of satellite mail operations, mailroom and printing and fulfillment. AULIC paid \$0.7 million under this lease agreement in 2019.

*Loan Agreement:*

In 2008, the Company, along with SLIC, PMLIC, and OneAmerica entered into a Loan Agreement under which they make certain loans to one another, on an ongoing basis, for liquidity and general corporate purposes. No loans have been made or are outstanding pursuant to these agreements as of December 31, 2019.

*Tax Sharing Agreement:*

AULIC, SLIC, and PMLIC are parties to a tax sharing agreement with OneAmerica whereby the companies file a consolidated tax return with other affiliates. The method of allocation between the companies is based upon separate tax return calculations with current credit for losses and tax credits.

## **FIDELITY BOND AND OTHER INSURANCE**

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Fidelity and Deposit Company of Maryland. The bond covers the AUMIHC group and has a single loss coverage limit of \$10.0 million with a \$250,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2019, including but not limited to business automobile, business travel, computer crime, cyber, excess fidelity, foreign, forced placement, general liability, mortgage protection, property, umbrella, and workers compensation.

## **PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS**

### **Benefit Plans**

The Company sponsors a supplemental executive retirement plan, a defined contribution plan, and other postretirement benefits for active employees and retired employees. The Company allocates the cost of the plans to affiliates based on direct allocation or salary ratios. The Company's share of net periodic benefit cost for other postretirement benefit plans was \$7.6 million and \$6.8 million for 2019 and 2018, respectively. The Company has the legal obligation for benefits under these plans.

The Company has a defined contribution plan that covers substantially all home office employees. The plan is a profit-sharing arrangement under Section 401(k) of the Internal Revenue Code, which also includes a salary/reduction savings feature. The Company contributes a match for participants who complete one (1) full calendar year of employment. The match is 50% of the participant's elective referral on the first 6% of eligible

compensation. The Company's contribution to the plan was \$4.4 million and \$4.0 million for 2019 and 2018, respectively. As of December 31, 2019, the fair value of the plan assets was \$378 million.

The Company sponsors a profit-sharing plan that covers substantially all of its career agents, except for the general agents. Effective as of August 1, 2016, the plan was amended to feature a safe harbor matching contribution structure. The Company did not make a profit-sharing contribution for the 2019 plan year. The Company's contribution to the plan was \$1.4 million and \$1.4 million in safe harbor matching contributions for 2019 and 2018, respectively. As of December 31, 2019, the fair value of the plan assets was \$38.1 million.

OneAmerica sponsors a qualified, noncontributory defined benefit pension plan covering substantially all of its employees. OneAmerica charges the Company which in turn allocates to its affiliates a share of the total cost of the pension plan based on allocation and/or salary ratios. The Company's share of net periodic benefit costs was \$12.1 million and \$6.1 million for 2019 and 2018, respectively. The Company has no legal obligation for benefits under this plan.

#### Deferred Compensation

The Company has entered into deferred compensation agreements with certain directors, employees, career agents, and general agents. The deferred amounts are payable according to the terms and subject to the conditions of said deferred compensation agreements. Annual costs of the agreements were approximately \$8.8 million and \$10.6 million for 2019 and 2018, respectively.

### SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits, (in 000s), as of December 31, 2019:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Indiana	\$ 1,505	\$ 1,511
All Other Special Deposits:		
Arkansas	255	257
California	700	704
Georgia	45	45
Massachusetts	498	500
New Mexico	211	212
North Carolina	410	413
Vermont	100	100
Total Deposits**	<u>\$ 3,723</u>	<u>\$ 3,742</u>

\*\*The balances include immaterial balancing differences.

### REINSURANCE

In August 2002, substantially all of AULIC's assumed reinsurance business consisting primarily of various individual life and long-term care products was sold to Employers Reassurance Corporation (ERAC). This transaction included transfer of both systems and personnel supporting the business. The sale transaction was accounted for utilizing indemnity reinsurance and since that time a significant portion of the reinsurance assumed and ceded balances reported by AULIC have included offsetting assumed and ceded transaction balances related to this sale. In addition, following the sale transaction, AULIC also undertook a run-off of their remaining assumed reinsurance portfolio which had been excluded from the ERAC sale transaction. As of December 31, 2019, the

reported assumed premium and reserve totals of \$170.4 million and \$2.2 billion, respectively; the portions relating to the ERAC sale transaction accounted for \$165.6 million and \$1.8 billion, respectively.

At the time of the ERAC sale, the transaction generated an after-tax gain of approximately \$95.0 million, which was recorded as a deferred gain to surplus. This gain has since been amortized at a rate approximate to which the anticipated earnings on this transaction were estimated to emerge. In the years 2018 and 2019, this resulted in deferred gain amortization of \$3.8 million and \$4.3 million, respectively. As of December 31, 2019, there remains an additional deferred gain of \$14.0 million still to be amortized over future periods.

#### Reinsurance Assumed

During the current examination period, no material reinsurance assumed transactions were initiated by the Company.

#### Reinsurance Ceded

During the current examination period, the Company initiated one (1) new ceded reinsurance program covering their basic and premier term life with Living Needs, Terminal Illness, and Chronic Illness riders. The reinsurance program was placed with three (3) reinsurers rated "A" or better by A.M. Best. During the current examination period, the Company also executed a number of amendments, novations, and rescission and recapture transactions relating to the existing reinsurance in place at the beginning of the examination period. None of them were considered unusual or out of the ordinary course of business.

### ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2018 and December 31, 2019, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2018 through December 31, 2019, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.



## FINANCIAL STATEMENTS

### AMERICAN UNITED LIFE INSURANCE COMPANY

#### Assets

As of December 31, 2019

(in 000s)

	<u>Per Examination*</u>
Bonds	\$ 10,648,022
Stocks:	
Preferred stocks	2,000
Common stocks	84,072
Mortgage loans on real estate:	
First liens	2,389,749
Real Estate:	
Properties occupied by the company	79,629
Properties held for the production of income	15,932
Cash, cash equivalents and short-term investments	170,496
Contract loans	408,098
Derivatives	52,560
Other invested assets	222,772
Receivables for securities	480
Securities lending reinvested collateral assets	250,082
Subtotals, cash and invested assets	<u>14,323,892</u>
Investment income due and accrued	104,836
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	20,368
Deferred premiums, agents' balances and installments booked but deferred and not yet due	63,436
Reinsurance:	
Amounts recoverable from reinsurers	8,181
Other amounts receivable under reinsurance contracts	9,619
Current federal and foreign income tax recoverable and interest thereon	9,173
Net deferred tax asset	58,494
Guaranty funds receivable or on deposit	1,626
Electronic data processing equipment and software	1,963
Receivables from parent, subsidiaries and affiliates	8,286
Aggregate write-ins for other than invested assets	402,225
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts**	<u>15,012,100</u>
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>16,376,804</u>
Totals	<u>\$ 31,388,904</u>

\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

\*\*The balances include immaterial balancing differences.

AMERICAN UNITED LIFE INSURANCE COMPANY  
Liabilities, Surplus and Other Funds  
As of December 31, 2019  
(in 000s)

	Per Examination*
Aggregate reserve for life contracts	\$ 11,334,025
Aggregate reserve for accident and health contracts	194,214
Liability for deposit-type contracts	1,682,907
Contract claims:	
Life	32,826
Accident and health	30,364
Policyholders' dividends/refunds to members	129
Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year - estimated amounts:	
Policyholders' dividends and refunds to members apportioned for payment	28,355
Policyholders' dividends and refunds to members not yet apportioned for payment	95
Premiums and annuity considerations for life and accident and health contracts received in advance less discount; including accident and health premiums	774
Contract liabilities not included elsewhere:	
Surrender values on canceled contracts	662
Other amounts payable on reinsurance including assumed and ceded	991
Interest maintenance reserve	2,170
Commissions to agents due or accrued life and annuity contracts, accident and health, and deposit-type contract funds	11,576
Commissions and expense allowances payable on reinsurance assumed	9,661
Transfers to Separate Accounts due or accrued	(4,446)
Taxes, licenses and fees due or accrued, excluding federal income taxes	7,681
Current federal and foreign income taxes, including realized capital gains	3,345
Unearned investment income	9,591
Amounts withheld or retained by company for account of others	5,169
Amounts held for agents' account, including agents' credit balances	17,822
Remittances and items not allocated	54,394
Miscellaneous liabilities:	
Asset valuation reserve	116,101
Reinsurance in unauthorized and certified companies	85
Funds held under reinsurance treaties with unauthorized and certified reinsurers	344
Payable to parent, subsidiaries and affiliates	8,650
Derivatives	41,227
Payable for securities	1,085
Payable for securities lending	250,082
Aggregate write-ins for liabilities	147,522
Total liabilities excluding Separate Accounts business**	13,987,403
From Separate Accounts Statement	16,376,804
Total Liabilities**	30,364,207
Common capital stock	5,000
Surplus notes	75,000
Gross paid in and contributed surplus	30,550
Unassigned funds (surplus)	914,146

Surplus	<u>1,019,696</u>
Capital and Surplus	<u>1,024,696</u>
Totals**	<u>\$ 31,388,904</u>

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\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

\*\*The balances include immaterial balancing differences.

AMERICAN UNITED LIFE INSURANCE COMPANY  
Summary of Operations  
For the Year Ended December 31, 2019  
(in 000s)

	Per Examination*
Premiums and annuity considerations for life and accident and health contracts	\$ 4,303,702
Considerations for supplementary contracts with life contingencies	95
Net investment income	583,589
Amortization of Interest Maintenance Reserve	1,689
Commissions and expense allowances on reinsurance ceded	50,938
Reserve adjustments on reinsurance ceded	(9)
Miscellaneous Income:	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.	80,789
Aggregate write-ins for miscellaneous income	67,454
Total**	5,088,248
Death benefits	154,458
Matured endowments (excluding guaranteed annual pure endowments)	499
Annuity benefits	134,720
Disability benefits and benefits under accident and health contracts	85,599
Surrender benefits and withdrawals for life contracts	3,670,261
Interest and adjustments on contract or deposit-type contract funds	46,289
Payments on supplementary contracts with life contingencies	223
Increase in aggregate reserves for life and accident and health contracts	687,310
Total**	4,779,360
Commissions on premiums, annuity considerations, and deposit-type contract funds	154,443
Commissions and expense allowances on reinsurance assumed	41,433
General insurance expenses and fraternal expenses	300,850
Insurance taxes, licenses and fees, excluding federal income taxes	27,221
Increase in loading on deferred and uncollected premiums	540
Net transfers to or Separate Accounts net of reinsurance	(244,669)
Aggregate write-ins for deductions	(4,609)
Total	5,054,569
Net gain from operations before dividends to policyholders, refunds to members and federal income taxes	33,679
Dividends to policyholders and refunds to members	30,179
Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes	3,500
Federal and foreign income taxes incurred	(1,710)
Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses)	5,210
Net realized capital gains less capital gains tax	(5,125)
Net income**	\$ 86

\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

\*\*The balances include immaterial balancing differences.

AMERICAN UNITED LIFE INSURANCE COMPANY  
 Capital and Surplus Account Reconciliation  
 (in 000s)

	2019	2018	2017	2016	2015
Surplus as regards policyholders, December 31 prior year	\$ 1,052,563	\$ 1,025,553	\$ 960,453	\$ 920,374	\$ 1,017,009
Net income	86	54,060	61,384	52,409	13,312
Change in net unrealized capital gains or (losses) less capital gains tax	107	(9,509)	13,773	628	823
Change in net unrealized foreign exchange capital gain (loss)	(931)	305	-	-	-
Change in net deferred income tax	16,941	(10,710)	(50,523)	9,747	25,252
Change in nonadmitted assets	(25,414)	(4,536)	14,986	(9,492)	(27,660)
Change in provision for reinsurance	38	(21)	19	207	(13)
Change in asset valuation reserve	(9,584)	(3,324)	(16,802)	(9,484)	(5,409)
Cumulative effect of changes in accounting principles	-	-	17,482	-	-
Surplus adjustments:					
Paid in	-	-	30,000	-	-
Change in surplus as a result of reinsurance	(4,275)	(3,835)	(3,547)	(3,480)	(3,601)
Dividends to stockholders	-	-	-	-	(100,000)
Aggregate write-ins for gains and losses in surplus	(4,835)	4,580	(1,672)	(456)	661
Change in surplus as regards policyholders for the year	(27,867)	27,010	65,100	40,079	(96,635)
Surplus as regards policyholders, December 31 current year	<u>\$ 1,024,696</u>	<u>\$ 1,052,563</u>	<u>\$ 1,025,553</u>	<u>\$ 960,453</u>	<u>\$ 920,374</u>

## COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2019, based on the results of this examination.

### SUBSEQUENT EVENTS

The Company continues to monitor the impact of the COVID-19 outbreak on their business. The Company is unable to accurately estimate the impact of COVID-19 on their business due to numerous uncertainties, including the severity and duration of the outbreak, actions that may be taken by government authorities, and the severity and duration of the economic impact of the outbreak. The Company has enacted its business continuity plan and has the ability to sustain and support its operations and to meet the obligations to the policyholders and claimants.

In September 2020, OneAmerica issued \$400 million 4.25% senior notes due in 2050. The proceeds are intended to be used for general corporate purposes, including deploying the majority of the net proceeds to the Company.

In September 2020, the Company received a \$338.7 million contribution from OneAmerica.

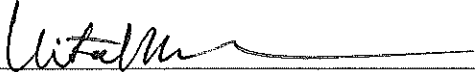
**AFFIDAVIT**

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Mark Alberts, performed an examination of American United Life Insurance Company, as of December 31, 2019.

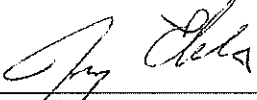
The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of American United Life Insurance Company as of December 31, 2019, as determined by the undersigned.

  
\_\_\_\_\_  
Vitaliy Kyryk, CFE  
Noble Consulting Services, Inc.


Under the Supervision of:

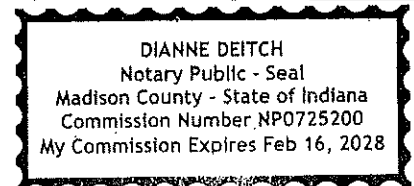
  
\_\_\_\_\_  
Jerry Ehlers, CFE, AES  
Examinations Manager  
Indiana Department of Insurance

State of: Indiana  
County of: Marion

On this 22 day of April, 2021, before me personally appeared, Vitaliy Kyryk and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: February 16, 2028   
\_\_\_\_\_  
Notary Public



  
\_\_\_\_\_  
Notary Public

