

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

IN THE MATTER OF: )  
 )  
Anthem Life Insurance Company )  
120 Monument Circle )  
Indianapolis, Indiana 46204 )

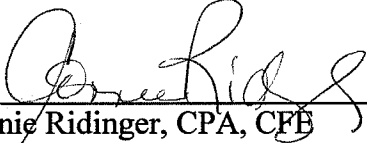
Examination of Anthem Life Insurance Company

**NOTICE OF ENTRY OF ORDER**

Enclosed is the Final Order entered by Douglas Webber, Acting Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Anthem Life Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, 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 Anthem 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.

Date June 17, 2010   
Connie Ridinger, CPA, CFE  
Chief Examiner/Deputy Commissioner

**CERTIFIED MAIL NUMBER: 7004 1160 0000 3839 2293**

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

IN THE MATTER OF: )  
 )  
Anthem Life Insurance Company )  
120 Monument Circle )  
Indianapolis, Indiana 46204 )

Examination of Anthem Life Insurance Company

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Anthem Life Insurance Company (hereinafter "Company") for the time period January 1, 2004 through December 31, 2008.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on 1/15/2009.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on May 19, 2010 and was received by the Company on June 4, 2010.

On June 16, 2010 pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company's response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

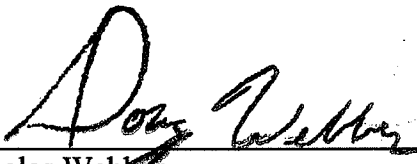
1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.
2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2008.

3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance laws of the state of Indiana.

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, as amended, 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, as amended. 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 and Sealed this 17<sup>th</sup> day of  
June, 2009.

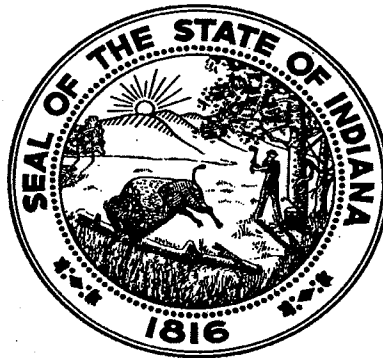
  
\_\_\_\_\_  
Douglas Webber  
Acting Insurance Commissioner

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

**ANTHEM LIFE INSURANCE COMPANY**  
NAIC Co. CODE 61069

As of

December 31, 2008



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# STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

# IDOI

## INDIANA DEPARTMENT OF INSURANCE

311 W. WASHINGTON STREET, SUITE 300  
INDIANAPOLIS, INDIANA 46204-2787  
TELEPHONE: (317) 232-2385  
FAX: (317) 232-5251

CAROL CUTTER, Commissioner

May 10, 2010

Honorable Alfred W. Gross  
Chair, Financial Condition (E) Committee, NAIC  
Commissioner of Insurance  
Commonwealth of Virginia  
1300 East Main Street  
Richmond, Virginia 23219

Honorable Douglas Webber  
Acting Commissioner  
Indiana Department of Insurance  
311 W. Washington Street, Suite 300  
Indianapolis, Indiana 46204-2787

Dear Commissioners:

Pursuant to the authority vested in Appointment Number 3576, an examination has been made of the affairs and financial condition of:

**Anthem Life Insurance Company  
120 Monument Circle  
Indianapolis, Indiana 46204**

hereinafter referred to as the "Company," an Indiana domestic, stock, life, accident and health insurance company. The examination was conducted at the corporate offices of WellPoint, Inc. in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2008, is hereby respectfully submitted.

ACCREDITED BY THE  
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES  
(317) 232-2413

COMPANY COMPLIANCE  
(317) 233-0697

CONSUMER SERVICES  
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In-State 1-800-622-4461

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MEDICAL MALPRACTICE  
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SECURITIES / COMPANY RECORDS  
(317) 232-1991

## SCOPE OF EXAMINATION

The Company was last examined by representatives of Noble Consulting Services, Inc. (Noble) as of the period ending December 31, 2007. The present examination was conducted by Noble and covered the period from January 1, 2008 through December 31, 2008 and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

Actuarial Options, LLC was appointed by the Indiana Department of Insurance (IDOI) and conducted a review of the Company's statutory reserves as of December 31, 2008. There were no actuarial adjustments or recommendations resulting from the review performed by Actuarial Options, LLC.

We conducted our risk-focused examination pursuant to and in accordance with the 2009 NAIC Financial Condition Examiners Handbook (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The working papers prepared by Ernst and Young, LLP; the Company's auditors, in their audit of the Company's accounts for the year ended December 31, 2008 were reviewed. A portion of the auditor's working papers have been incorporated into the working papers of the examiners and have been utilized for the purposes of this examination in accordance with the provisions contained in the Handbook.

## HISTORY

The Company was incorporated under the laws of the state of Indiana on June 10, 1953 as a stock life and health insurer under the name of Associated Life Insurance Company. On December 31, 2000, Rocky Mountain Life Insurance Company and Anthem Life Insurance Company of California were merged into the Company. The Company's present name was also adopted at that time. On December 27, 2006, the Company became a wholly-owned subsidiary of Rocky Mountain Hospital and Medical Services, Inc. (RMHMS), upon the transfer of its common stock from Anthem Midwest, LLC. RMHMS is a wholly-owned indirect subsidiary of WellPoint, Inc. (WellPoint). WellPoint is a publicly traded company and the largest health benefits company in terms of membership in the United States, serving approximately 35 million medical members as of December 31, 2008.

## CAPITAL AND SURPLUS

As December 31, 2008, the Company had 5,452,599 shares of common stock authorized with a par value of \$1 per share, of which 3,267,547 shares were issued and outstanding and 1,000,000 shares of preferred stock authorized with a par value of \$6.75 per share, of which no shares were issued and outstanding. In July 2008, the Company paid an ordinary dividend in the amount of \$21.9 million to RMHMS.

## TERRITORY AND PLAN OF OPERATION

As of December 31, 2008, the Company was licensed to transact business in forty-seven (47) states and the District of Columbia. The Company's primary role is to provide group life, disability and accidental death & dismemberment (AD&D) insurance products in the states in which its affiliates conduct business.

The Company distributes its products through various mediums such as business partnerships, call centers, captive sales agents, brokers, and other distribution channels. The target markets for its products include; Small Groups & Individuals, Senior's, Local Groups and Large Groups/National markets. The Company seeks to align the various distribution channels with the appropriate products and customers.

## GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Premiums Earned</u>	<u>Net Income</u>
2008	\$ 288,278,043	\$ 222,844,288	\$ 65,433,755	\$ 173,254,791	\$ 23,769,903
2007	276,394,403	212,249,445	64,144,958	160,458,255	20,404,119

Assets, liabilities, and premiums earned increased over the examination period. This is a result of management's strategic objective of utilizing the Company as the primary writer of life and AD&D insurance products for the WellPoint family of companies. Capital and surplus remained steady over the examination period as positive net income in each year was largely offset by dividends to the shareholder.

## MANAGEMENT AND CONTROL

### Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors and shall consist of at least five (5) members and no more than the number of Directors specified in the Articles of Incorporation. The Articles of Incorporation provide that the number of Directors of the Company shall not be less than five (5) nor more than twenty-one (21). The shareholders, at the annual meeting, elect the members of the Board of Directors. The following is a listing of persons serving as Directors at December 31, 2008 and their principal occupations as of that date:



**Name and Address****Principal Occupation**

Kenneth Richard Goulet  
Charlotte, North Carolina

Executive Vice President, WellPoint, Inc.  
President, Anthem Life Insurance Company

Wayne Scott DeVeydt  
Indianapolis, Indiana

Executive Vice President and Chief Financial Officer  
WellPoint, Inc.

Catherine Irene Kelaghan  
Carmel, Indiana

Vice President and Counsel  
WellPoint, Inc.

Nancy Louise Purcell  
Carmel, Indiana

Vice President and Corporate Secretary  
WellPoint, Inc.

Carter Allen Beck  
Manchester, New Hampshire

Vice President and Counsel  
WellPoint, Inc.

**Officers**

The Company's Bylaws state the officers of the Company, who shall be chosen by the Board of Directors, shall consist of a Chairman of the Board, President, Secretary and Treasurer. Any two or more offices may be held by the same person except the offices of President and Secretary. The Board of Directors may also elect a Vice Chairman, one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and such other officers or assistant officers as the Board of Directors may from time to time determine to perform such duties and functions as prescribed and approved by the Chairman of the Board. The following is a list of key officers and their respective titles as of December 31, 2008:

<b><u>Name</u></b>	<b><u>Office</u></b>
Kenneth Richard Goulet	President and Chairperson
Robert David Kretschmer	Treasurer
Nancy Louise Purcell	Secretary
Kristan Andrews Swingle	Assistant Secretary

**CONFLICT OF INTEREST**

Officers and Directors are required to review and sign Conflict of Interest statements annually. It was determined that officers and Directors listed in the management and control section of this report have reviewed and signed their statements as of year-end 2008.

## 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 corporation and will not knowingly violate any of the laws applicable to such corporation. Each Director signed an Oath of Office statement in 2008.

## CORPORATE RECORDS

### Articles of Incorporation and Bylaws

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

### Minutes

The Board of Directors and Sole Shareholder meeting minutes were reviewed for the period under the examination through the fieldwork date and significant actions taken during each meeting were noted. It was noted that the annual meetings and other regular Board meetings were held in accordance with the Company's Bylaws.

## AFFILIATED COMPANIES

### Organizational Structure

The following organizational chart, effective as of December 31, 2008, shows the upstream affiliates from the Company to the ultimate controlling entity.

	<u>NAIC Co.</u>	<u>Domiciliary</u>
	<u>Code</u>	<u>State</u>
Wellpoint, Inc,		IN
ATH Holding Company, LLC		IN
Rocky Mountain Hospital and Medical Service, Inc.*	11011	CO
<b>Anthem Life Insurance Company*</b>	<b>61069</b>	<b>IN</b>

\* denotes an insurer

### 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 IDOI (as required), in accordance with IC 27-1-23-4.

### Master Services Agreement

The Company entered into an Amended and Restated Master Administrative Services Agreement with WellPoint Health Networks, Inc. (WHN) effective January 1, 2004, whereby WHN provides administrative services such as accounting, actuarial, reinsurance, and other administration services to the Company. In addition, the Agreement specifies that the affiliates of WHN may from time to time assist each other with services at a reasonable cost, as long as such costs can be identified by external auditors. Administrative expenses for the services performed under WellPoint MASA are captured in cost centers and allocated to legal entities; the Company paid \$23,883,480 in 2008.

### Cash Concentration Agreement

The Company entered into a Cash Concentration Agreement with WellPoint effective November 20, 2007, whereby WellPoint is designated as Cash Manager to handle the collection and/or payment of funds on behalf of the Company. This agreement serves to streamline the number of cash accounts operated by the WellPoint organization. The Manager is paid both direct and indirect cost and expenses for this service. At December 31, 2008, the Company had an estimated net receivable of \$1,094,311.

### Employee Benefits

The Company participates in the WellPoint Cash Balance Pension Plan (the Plan), a frozen non-contributory defined benefit pension plan sponsored by ATH Holding Company, LLC (ATH Holding) covering most employees of WellPoint and its subsidiaries. ATH Holding allocates a share of the total accumulated costs of the Plan to the Company based on the number of allocated employees. During 2008 these costs totaled \$(154,746). The Company has no legal obligation for the benefits under this plan. Prior to December 31, 2007, Anthem Insurance Companies, Inc., an affiliate, sponsored the Plan.

The Company participates in a postretirement medical benefit plan, sponsored by ATH Holding, providing certain health, life, vision, and dental benefits to eligible retirees. ATH Holding allocates a share of the total accumulated costs of this benefit to the Company based on the number of allocated employees. During 2008 these costs totaled \$147,723. The Company has no legal obligation for benefits under this plan.

The Company participates in various deferred compensation plans sponsored by WellPoint which covers certain employees. The deferred accounts are payable according to the terms and subject to the conditions of said deferred compensation agreements. WellPoint allocates a share of the total accumulated costs of these plans to the Company based on the number of allocated employees participating in the plans. During 2008, these costs totaled \$50,856. The Company has no legal obligation for the benefits under these plans.

The Company participates in the WellPoint 401(K) Retirement Savings Plan, sponsored by ATH Holding, covering substantially all employees. Voluntary employee contributions are matched by ATH Holding subject to certain limitations. ATH Holding allocates a share of the total accumulated costs of the plan to the Company based on the number of allocated employees. During 2008, these costs totaled \$508,072. The Company has no legal obligation for benefits under this plan.

### Reinsurance Agreements

See the "Reinsurance" section of this Report of Examination for affiliated reinsurance agreements.

## 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 the Federal Insurance Company (Chubb Group of Insurance Companies). The bond has blanket coverage of \$10,000,000 with a \$1,500,000 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 at December 31, 2008, including, but not limited to, auto, commercial property, Directors & officers liability, managed care professional liability, fiduciary, umbrella, general liability and workers' compensation insurance.

## STATUTORY AND SPECIAL DEPOSITS

The Company reported the following statutory deposits at December 31, 2008:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For all Policyholders:		
Indiana	\$ 1,594,074	\$ 1,697,650
All Other Special Deposits:		
California	1,000,770	1,016,166
Florida	127,315	135,771
Georgia	489,387	519,713
Massachusetts	211,378	226,469
New Mexico	234,260	249,819
Total Deposits	<u>\$ 3,657,184</u>	<u>\$ 3,845,588</u>

## REINSURANCE

### Reinsurance Assumed

The Company's only financially significant assumed reinsurance involves the 100% coinsurance of substantially all of the business of an affiliate, OneNation Insurance Company (OneNation). Pursuant to the terms of an agreement effective January 1, 2003 the Company assumes 100% of OneNation's business other than that relating to behavioral health insurance risks. Premiums and reserves assumed from OneNation for 2008 were \$0.2 million and \$4.0 million, respectively. The Company reported no other financially significant reinsurance assumed in their 2008 Annual Statement.

### Reinsurance Ceded

During 2007, various WellPoint affiliated insurance companies increased their retention for AD&D exposures to \$300,000 per insured and consolidated the reinsurance of any excess risk under a single platform. To this end, a treaty was implemented with Swiss Re Life & Health America, Inc. (Swiss Re) in December 2006 whereby all AD&D exposure above the \$300,000 retention was reinsured via this agreement. In 2008, this contract accounted for premiums and reserves ceded to Swiss Re totaling \$2 million and \$1.4 million, respectively.

The Company cedes almost all of its individual life and annuity business to Protective Life Insurance Company pursuant to an agreement originally effective in 1996. In 2008, the Company ceded premiums and reserves totaling \$2.1 million and \$20 million, respectively, pursuant to the terms of this agreement.

The Company's primary Group LTD reinsurer is the American Reinsurance Disability Underwriters Syndicate (ARDUS), a reinsurance pool of which UNUM Life Insurance Company of America is the sole participant. The Company cedes 75% of its LTD risk for all groups having an effective date prior to October 2007. Thereafter the Company cedes 90% of its LTD risk above \$5,000 per month for all new groups of 500 lives or more and 50% of the first \$5,000 and 100% of the excess above \$5,000 per month for all new groups with 500 or less lives. In 2008, the Company ceded premiums and reserves to ARDUS totaling \$21.6 million and \$62.3 million, respectively.

### **RESERVES**

Cheryl G. Allari, FSA, MAAA, Vice President and Valuation Actuary for the Company appointed by the Board of Directors on March 1, 2008, to render an opinion on the statutory-basis for the year ended December 31, 2008.

The scope of the opinion was to examine the actuarial assumptions and methods used in determining loss reserves and related items, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials as of December 31, 2008. In forming the opinion, information prepared by the Company was relied upon. This information was evaluated for reasonableness and consistency. In other respects, the examination included such review of the actuarial assumptions and methods used and such tests of the calculations as considered necessary.

The 2008 opinion stated that the balances of reserves and related actuarial values concerning the Annual Statement items: 1) are computed in accordance with presently accepted actuarial standards consistently applied and are fairly stated, in accordance with sound actuarial principles; 2) are based on actuarial assumptions which produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions; 3) meet the requirements of the insurance laws and regulations of the State of Indiana and are at least as great as the minimum aggregate amounts required by the state in which the annual statement is filed; 4) are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end; and 5) include provision for all actuarial reserves and related statement items which ought to be established.

During the examination, it was determined that the material actuarial items in the Annual Statement of the Company are materially correct and fairly stated in accordance with statutory accounting practices prescribed or permitted by the Commissioner of Insurance of the State of Indiana.

### **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 balance prepared from the Company's general ledger for the year ended December 31, 2008 was materially reconciled to the Annual Statement. The Annual Statement for the year ended December 31, 2008 was reconciled to the independent audit report with no exceptions noted.

**ANTHEM LIFE INSURANCE COMPANY**

**FINANCIAL STATEMENTS**

**Assets**

	As of December 31, 2008			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
<b>Assets:</b>				
Bonds	\$ 232,200,452	\$ -	\$ 232,200,452	\$ 232,619,103
<b>Stocks:</b>				
Preferred stocks	1,602,845	-	1,602,845	2,400,134
Cash, cash equivalents and short-term investments	33,112,428	-	33,112,428	25,270,740
Contract loans	218,598	-	218,598	185,270
Receivables for securities	150,000	-	150,000	16,188
Subtotals, cash and invested assets	\$ 267,284,323	\$ -	\$ 267,284,323	\$ 260,491,436
Investment income due and accrued	3,166,394	-	3,166,394	2,971,312
<b>Premiums and considerations:</b>				
Uncollected premiums and agent balances in course of collection	2,852,762	-	2,852,762	(4,592,635)
Deferred premiumsm agents' balances and installments booked but deferred and not yet due	523,529	-	523,529	557,429
<b>Reinsurance:</b>				
Amounts recoverable from reinsurers	2,019,913	-	2,019,913	5,579,582
Other amounts receivable under reinsurance contracts contracts	49,581	-	49,581	68,372
Amounts receivable relating to uninsured plans	131,273	-	131,273	107,209
Net deferred tax asset	2,942,944	-	2,942,944	2,198,853
Guaranty funds receivable or on deposit	96,377	-	96,377	-
Electronic data processing equipment and software	7,820	-	7,820	6,881
Receivables from parent, subsidiary, and affiliate	8,983,574	-	8,983,574	7,770,647
Health care and other amounts receivable	3,178	-	3,178	-
Aggregate write-ins for other than invested assets	216,376	-	216,376	1,235,317
<b>Total assets</b>	<b>\$ 288,278,043</b>	<b>\$ -</b>	<b>\$ 288,278,043</b>	<b>\$ 276,394,403</b>

**ANTHEM LIFE INSURANCE COMPANY**

**FINANCIAL STATEMENTS**

**Liabilities, Surplus and Other Funds**

	As of December 31, 2008			December 31, Prior Year
	Per Annual Statement	Examination Adjustments	Per Examination	
<b>Liabilities:</b>				
Aggregate reserves for life contracts	\$ 99,014,326	\$ -	\$ 99,014,326	\$ 98,033,665
Aggregate reserves for accident and health contracts	22,392,569	-	22,392,569	23,308,523
Liability for deposit-type contracts	43,498,427	-	43,498,427	34,843,945
Contract claims:				
Life	16,747,645	-	16,747,645	15,304,983
Accident and health	3,640,235	-	3,640,235	3,465,856
Premiums and annuity considerations for life and accident and health contracts received in advance less discount including accident and health premiums	2,075,832	-	2,075,832	1,874,770
Contract liabilities not included elsewhere:				
Provision for experience rating refunds, including accident and health experience rating refunds	7,853,826	-	7,853,826	7,996,017
Interest Maintenance Reserve	552,993	-	552,993	1,017,398
Commissions to agents due or accrued - life and annuity contracts, accident and health and deposit-type contract funds	1,003,698	-	1,003,698	2,039,842
Commissions and expense allowances payable on reinsurance assumed	-	-	-	55,794
General expenses due or accrued	3,430,466	-	3,430,466	3,846,315
Taxes, licenses, and fees due or accrued, excluding federal income taxes	2,176,519	-	2,176,519	2,776,175
Current federal and foreign income taxes, including realized capital gains (losses)	2,974,756	-	2,974,756	1,557,766
Unearned investment income	5,575	-	5,575	4,061
Remittances and items not allocated	1,951,509	-	1,951,509	2,858,203
Miscellaneous liabilities:				
Asset valuation reserve	-	-	-	75,387
Payable to parent, subsidiaries, and affiliates	9,079,773	-	9,079,773	8,101,542
Aggregate write-ins for liabilities	6,446,138	-	6,446,138	5,089,203
<b>Total liabilities</b>	<b>\$ 222,844,288</b>	<b>\$ -</b>	<b>\$ 222,844,288</b>	<b>\$ 212,249,445</b>
Common capital stock	3,267,547	-	3,267,547	3,267,547
Gross paid in and contributed surplus	43,126,549	-	43,126,549	43,126,549
Unassigned funds (surplus)	19,039,659	-	19,039,659	17,750,862
Surplus	62,166,208	-	62,166,208	60,877,411
<b>Total capital and surplus</b>	<b>65,433,755</b>	<b>-</b>	<b>65,433,755</b>	<b>64,144,958</b>
<b>Total liabilities, capital and surplus</b>	<b>\$ 288,278,043</b>	<b>\$ -</b>	<b>\$ 288,278,043</b>	<b>\$ 276,394,403</b>

# ANTHEM LIFE INSURANCE COMPANY

## FINANCIAL STATEMENTS

### Statement of Income

	<u>As of December 31, 2008</u>			
	<u>Per Annual Statement</u>	<u>Examination Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
Premiums and annuity considerations for life and accident and health contracts	\$ 173,254,791	\$ -	\$ 173,254,791	\$ 160,458,255
Net investment income	14,150,548	-	14,150,548	13,654,398
Amortization of Interest Maintenance Reserve	(264,605)	-	(264,605)	(270,732)
Commissions and expense allowances on reinsurance ceded	73,935	-	73,935	83,660
Miscellaneous Income:				
Charges and fees for deposit type contracts	1,141	-	1,141	1,025
Aggregate write-ins for miscellaneous income	150,909	-	150,909	376,407
<b>Totals</b>	<b>\$ 187,366,719</b>	<b>\$ -</b>	<b>\$ 187,366,719</b>	<b>\$ 174,303,013</b>
Death benefits	\$ 76,922,690	\$ -	\$ 76,922,690	\$ 68,168,464
Annuity benefits	20,742	-	20,742	21,651
Disability benefits and benefits under accident and health contracts	22,749,277	-	22,749,277	21,977,631
Surrender benefits and withdrawals for life contracts	499,925	-	499,925	573,658
Group conversion	(308,315)	-	(308,315)	-
Interest and adjustments on contract or deposit-type contracts	1,505,774	-	1,505,774	1,137,289
Payments on supplementary contracts with life contingencies	3,000	-	3,000	3,000
Increase in aggregate reserves for life and accident and health contracts	64,707	-	64,707	5,547,687
<b>Totals</b>	<b>\$ 101,457,800</b>	<b>\$ -</b>	<b>\$ 101,457,800</b>	<b>\$ 97,429,380</b>
Commissions on premiums, annuity considerations and deposit type contract funds	13,293,795	-	13,293,795	14,150,422
Commissions and expense allowances on reinsurance assumed	43,154	-	43,154	123,379
General insurance expenses	25,621,198	-	25,621,198	22,776,386
Insurance taxes, licenses and fees, excluding federal income taxes	4,384,197	-	4,384,197	5,543,779
Increase in loading on deferred and uncollected premiums	(12,705)	-	(12,705)	(16,099)
Aggregate write-ins for deductions	-	-	-	2,150
<b>Totals</b>	<b>\$ 144,787,439</b>	<b>\$ -</b>	<b>\$ 144,787,439</b>	<b>\$ 140,009,397</b>
Net gain from operations before dividends to policyholders and federal income taxes	\$ 42,579,279	\$ -	\$ 42,579,279	\$ 34,293,616
Dividends to policyholders	-	-	-	-
Net gain from operations after dividends to policyholders and before federal income taxes	\$ 42,579,279	\$ -	\$ 42,579,279	\$ 34,293,616
Federal and foreign income taxes incurred	15,163,910	-	15,163,910	12,364,374
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	\$ 27,415,369	\$ -	\$ 27,415,369	\$ 21,929,242
Net realized capital gains or (losses)	(3,645,466)	-	(3,645,466)	(1,525,124)
<b>Net income</b>	<b>\$ 23,769,903</b>	<b>\$ -</b>	<b>\$ 23,769,903</b>	<b>\$ 20,404,119</b>
<b>Capital and Surplus Account:</b>				
Capital and surplus, December 31, prior year	\$ 64,144,958	\$ -	\$ 64,144,958	\$ 57,772,611
Net income	23,769,903	-	23,769,903	20,404,119
Change in net deferred income tax	2,463,010	-	2,463,010	1,421,634
Change in nonadmitted assets and related items	(3,119,503)	-	(3,119,503)	(336,161)
Change in reserve on account of change in valuation basis	-	-	-	(67,505)
Change in asset valuation reserve	75,387	-	75,387	650,260
Dividends to stockholders	(21,900,000)	-	(21,900,000)	(15,700,000)
<b>Net change in capital and surplus</b>	<b>\$ 1,288,797</b>	<b>\$ -</b>	<b>\$ 1,288,797</b>	<b>\$ 6,372,347</b>
<b>Capital and surplus, December 31, current year</b>	<b>\$ 65,433,755</b>	<b>\$ -</b>	<b>\$ 65,433,755</b>	<b>\$ 64,144,958</b>



### **COMMENTS ON THE FINANCIAL STATEMENTS**

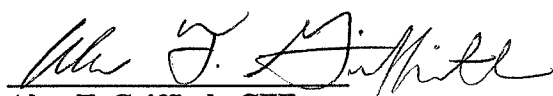
There were no recommended adjustments to surplus as of December 31, 2008 based on the results of this examination.

### **SUBSEQUENT EVENTS**

There were no events subsequent to the examination date and prior to the completion of fieldwork that were considered material events requiring disclosure in this Report of Examination.

## CONCLUSION

The preceding report of examination of **Anthem Life Insurance Company** as of December 31, 2008 reflects its financial condition in accordance with the National Association of Insurance Commissioners Accounting Practices and Procedures Manual and any and all prescribed and permitted accounting practices of the Indiana Department of Insurance. An Affidavit of the Examiner-in-Charge, Michael P. Dinius, CPA, CFE, is on file with the Indiana Department of Insurance and attests that the examination was performed in a manner consistent with the standards and procedures required by the Indiana Department of Insurance and the National Association of Insurance Commissioners Financial Condition Examiners Handbook. Based on my review, to the best of my knowledge, the examination was performed in a manner consistent with those standards and procedures and properly reflects the financial condition of **Anthem Life Insurance Company**.



**Alan T. Griffith, CFE**  
**Examinations Manager**  
**Indiana Department of Insurance**