

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

IN THE MATTER OF:)
)
Midwestern United Life Insurance Company)
8761 Buffett Parkway)
Fishers, IN 46038)

Examination of: **Midwestern 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 Midwestern United 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 Midwestern 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.

6/28/2017
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7016 2070 0001 1479 8834

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Fishers, IN 46038)

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

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Midwestern United Life Insurance Company (hereinafter "Company") for the time period January 1, 2011 through December 31, 2015.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on May 9, 2017.

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 June 7, 2017 and was received by the Company on June 12, 2017.

On June 22, 2017, 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, 2015.

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 this 28th day of
June, 2017.

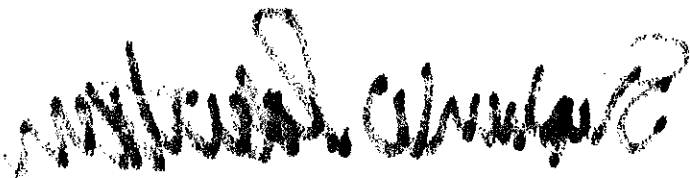

Stephen W. Robertson
Insurance Commissioner

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.

A handwritten signature in black ink, appearing to read "Michael A. ...". The signature is written in a cursive style and is somewhat faded.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

MIDWESTERN UNITED LIFE INSURANCE COMPANY
NAIC COMPANY CODE 66109
GROUP CODE 4832

As of
December 31, 2015

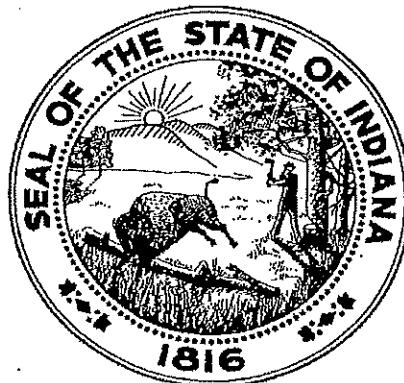


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Stephen W. Robertson, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/idoi

May 9, 2017

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 3919, an examination has been made of the affairs and financial condition of:

Midwestern United Life Insurance Company
8761 Buffet Parkway
Fishers, Indiana, 46038

an Indiana domestic life and health insurance company hereinafter referred to as the "Company." The examination was conducted at the main administrative offices of the Company located at 5780 Powers Ferry Road, NW, Atlanta, Georgia 30327.

The Report of Examination, showing the status of the Company as of December 31, 2015, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2413 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) as of December 31, 2010. The multistate risk-focused examination was conducted by The Thomas Consulting Group, Inc. (Thomas Consulting) and covered the period from January 1, 2011 through December 31, 2015, 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 performed on a coordinated basis with the Colorado Division of Insurance, the Iowa Insurance Division, and the Arizona Department of Insurance. The Colorado Division of Insurance conducted the examination of Security Life of Denver Insurance Company (SLD) and served as the lead state for the coordinated examination. The Company is a direct wholly-owned subsidiary of SLD. The INDOI relied upon a portion of the coordinated examination work performed by the Colorado Division of Insurance for SLD.

In conducting the risk-focused examination, the INDOI, by its representatives, also relied upon the independent audit reports and opinions contained therein rendered by Ernst & Young LLP for each year of the examination period. Such reports were prepared on a statutory basis and reconciled to the financial statements contained in the respective Annual Statements.

Mark Alberts, FSA, MAAA of Alberts Actuarial Consulting, LLC and Julie Stephenson, ASA, MAAA, were appointed by the INDOI and conducted a review of the following accounts as of December 31, 2015: Aggregate Reserves for Life Contracts, Liability for Deposit Type Contracts, and Contract Claims for Life.

In accordance with the 2015 NAIC *Financial Condition Examiners Handbook*, Thomas Consulting planned and performed the risk-focused examination to evaluate the financial condition of the Company, and to identify prospective risks related to its operations. The examination process included an evaluation of corporate governance, identification and assessment of inherent risks, and documentation of system controls and procedures used to mitigate the identified risks. In addition, the Examiners performed an assessment of the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The examination also included a review of the Company's compliance with Statutory Accounting Principles, Annual Statement Instructions, and the Indiana Insurance Code. All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

HISTORY

The Company was incorporated on May 4, 1948, under the provisions of Indiana Law as a life and health insurance company. During the Company's history it has undergone mergers with two (2) former Indiana insurers, American Travelers Life Insurance Company (1961) and Great Northern Insurance Company (1965). Currently, the Company is a direct, wholly-owned subsidiary of SLD, a Colorado domestic insurer. SLD is a direct, wholly-owned subsidiary of Voya Financial, Inc. (VFI) (formerly known as ING U.S., Inc.), a publicly held financial services company based in New York whose stock is publicly traded on the New York Stock Exchange under the symbol "VOYA."

CAPITAL AND SURPLUS

Pursuant to the Amended Articles of Incorporation, the capital stock authorized for the Company is 3,175,000 shares of common stock with a par value of \$1.00 per share. As of December 31, 2015, the Company's total capital and surplus was \$127,684,648 which included: common capital stock of \$2,500,000, consisting of 2,500,000 issued and outstanding shares, gross paid-in contributed surplus of \$9,393,754, and unassigned funds (surplus) of \$115,790,894. All issued and outstanding shares were 100% owned by SLD as of December 31, 2015.

DIVIDENDS TO STOCKHOLDERS

There were no common stock dividends declared or paid during the period covered by this examination.

TERRITORY AND PLAN OF OPERATION

The Company is authorized to conduct its insurance business in all states (except New York), the District of Columbia, and the US Virgin Islands.

The Company is in runoff and does not presently solicit new business but continues to service a portfolio of traditional and interest-sensitive whole life, endowment, universal life, term insurance, and annuities. Approximately 71% of the total premiums written in 2015 were from five (5) states: Indiana, Ohio, Michigan, California, and Texas.

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 & Surplus</u>	<u>Premiums Earned</u>	<u>Net Income</u>
2015	\$234,920,106	\$107,235,458	\$127,684,648	\$3,230,240	\$3,509,611
2014	236,542,256	111,782,165	124,760,091	3,603,930	2,732,423
2013	238,684,378	116,707,996	121,976,382	3,684,061	1,911,626
2012	242,107,858	122,038,428	120,069,430	3,719,272	3,537,343
2011	242,704,450	127,183,966	115,520,484	3,883,212	4,028,485

The financial statement amounts have remained consistent during the period under examination. Decreases in assets, liabilities, and premiums are due to the Company's runoff of its remaining business. Increases in capital and surplus were primarily related to decreases in reserves.

MANAGEMENT AND CONTROL

Directors

The Company's Amended and Restated Bylaws (Bylaws) specify that the Board of Directors shall consist of not less than five (5), nor more than fifteen (15) members. The Bylaws allow the number of directors to

be increased or decreased by amendment to the Bylaws or Articles of Incorporation. Directors are elected at the Annual Meeting of the Shareholders. The following is a listing of persons serving as directors as of December 31, 2015:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Alain M. Karaoglan New York, New York	Chief Operating Officer Voya Financial, Inc.
Rodney O. Martin, Jr New York, New York	Chief Executive Officer Voya Financial, Inc.
Charles P. Nelson Castle Pines, Colorado	Chief Executive Officer Voya Financial, Inc. Retirement Segment
Noel D. Phillips Monrovia, Indiana	Financial Advisor Voya Financial Partners
Chetlur S. Ragavan West Windsor, New Jersey	Chief Risk Officer Voya Financial, Inc.
Michael S. Smith Chester Springs, Pennsylvania	President Midwestern United Life Insurance Company
Ewout L. Steenbergen New York, New York	Chief Financial Officer Voya Financial, Inc.

Officers

The officers of the Company, as defined in the Bylaws, shall consist of a President, one or more Vice Presidents, a Treasurer, a Secretary, and such other officers as may be elected by the Board of Directors. The officers elected by the Board of Directors and serving as of December 31, 2015, were as follows:

<u>Name</u>	<u>Title</u>
Michael S. Smith	President
Chetlur S. Ragavan	Executive Vice President
Ewout L. Steenbergen	Executive Vice President
Patricia J. Walsh	Executive Vice President
Clyde L. Cobb, Jr.	Senior Vice President and Chief Accounting Officer
Joseph J. Elmy	Senior Vice President, Tax
Michael J. Gioffre	Senior Vice President
Megan A. Huddleston	Senior Vice President
Christine L. Hurtsellers	Senior Vice President
Patrick D. Lusk	Senior Vice President and Appointed Actuary
Gilbert E. Mathis	Senior Vice President
Diane M. McCarthy	Senior Vice President and Chief Financial Officer
Jennifer M. Ogren	Secretary
David S. Pendergrass	Senior Vice President and Treasurer

Corporate Governance

As of December 31, 2015, the Company did not have any committees of the Board of Directors. However, the Company receives oversight from the VFI Board of Directors and its committees. As of year-end 2015, VFI had the following committees of its Board of Directors: Audit, Compensation and Benefits, Executive, Finance, Nominating and Governance, Related Party Transaction, Technology, Innovation, and Operations.

CONFLICT OF INTEREST

The Company's conflict of interest disclosure process requires directors, principal officers (at the level of Vice President and above), and key employees to complete a conflict of interest disclosure statement on an annual basis. It was noted that the Company's key employees, principal officers, and directors properly completed these conflict of interest disclosure statements for all years covered by this examination. During the examination period, the conflict of interest disclosure statements were reviewed by the Company's secretary and by the VFI Business Ethics Committee until the committee was dissolved in October 2015. After that date, the review process was revised to utilize the conflict of interest process in place in the VFI Compliance Department. After completion of this review, a report was made by the Company's secretary to the Company's Board of Directors. The Company's conflict of interest process was determined to effectively disclose conflicts of interest as defined by its conflict of interest policy.

OATH OF OFFICE

Indiana Code (IC) 27-1-7-10(i) requires 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 serving during the examination period signed an Oath of Office statement when elected.

CORPORATE RECORDS

Articles of Incorporation

The Articles of Incorporation were amended and restated by the Board of Directors and Shareholders Resolutions on September 26, 2014. The amendment changed the statutory home office. The amendment was approved by the INDOI and the Indiana Secretary of State.

Bylaws

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

Minutes

The Board of Directors and Shareholders Meeting minutes were reviewed for the period under examination through the fieldwork completion date and significant actions taken during each meeting were noted. For the period under examination, the Annual Meetings of the Shareholders were held in accordance with IC 27-1-7-7(b).

Contrary to the requirements of IC 27-1-7-12, the Company did not keep a record of the attendance of

directors at the meetings of the board showing the names of the directors, the number of meetings of the board (regular and special), the number of meetings attended, and the number of meetings from which each director was absent. Furthermore, there was no evidence that the attendance record was reported, read, and incorporated into the minutes of the Annual Meeting of the Shareholders. (Please see the “Other Significant Findings” section of this report of examination regarding this issue.)

AFFILIATED COMPANIES

Organizational Structure

The Company is a member of an insurance holding company system as defined within IC 27-1-23 and Regulation of Insurance Holding Company Systems. An Insurance Holding Company System Registration Statement was filed annually with the INDOI for each year of the examination period. The following abbreviated organizational chart depicts the Company’s relationship within the holding company system. All companies are 100% owned.

	<u>NAIC Company Code</u>	<u>Domiciliary State/Country</u>
Voya Financial, Inc.		DE
Voya Services Company		DE
Voya Holdings, Inc.		CT
Voya Investment Management, LLC		DE
Voya Retirement Insurance and Annuity Company	86509	CT
Voya Insurance and Annuity Company	80942	IA
ReliaStar Life Insurance Company	67105	MN
ReliaStar Life Insurance Company of New York	61360	NY
Security Life of Denver Insurance Company	68713	CO
Midwestern United Life Insurance Company	66109	IN

Affiliated Agreements

The following significant affiliated agreements were disclosed as part of the Form B Holding Company Registration Statement and were filed with, and not disapproved by, the INDOI in accordance with IC 27-1-23-4(b)(4).

Reciprocal Loan Agreement

Effective January 1, 2014, the Company entered into a Reciprocal Loan Agreement with VFI to promote efficient management of cash and liquidity, and to provide for unanticipated short-term cash requirements. Under this agreement, which expires January 1, 2024, the Company and VFI can borrow from one another up to 3% of the Company’s admitted assets as of December 31 of the preceding year. Interest is charged at a rate based on the prevailing market rate for similar borrowings. As of December 31, 2015, the Company had no outstanding receivable or outstanding payable from VFI under this agreement.

Investment Management Agreements

Effective January 1, 1998, the Company entered into an Investment Advisory Agreement with Voya Investment Management, LLC (VIM), under which VIM provides the Company with investment management services. During 2015, incurred expenses were \$298,930 under this agreement.

Effective January 1, 2000, the Company entered into an Administrative Services Agreement with VIM, under which VIM provides the Company with asset liability management services. During 2015, incurred expenses were \$4,302 under this agreement.

Service Agreements

Effective January 1, 2001 and later restated on April 1, 2015, the Company entered into an Amended and Restated Services Agreement with its affiliates (collectively, the affiliates), whereby the affiliates provide certain administrative, management, professional, advisory, consulting, and other services to each other. During 2015, allocated expenses to the Company from affiliated entities were approximately \$442,457 under this agreement.

Effective July 1, 2001, the Company entered into a Services Agreement with Voya Services Company (VSC), whereby VSC provides certain administrative, management, professional, advisory, consulting and other services to the Company. During 2015, incurred expenses were \$1,157,455 under this agreement.

Effective January 1, 2002, the Company entered into a Services Agreement with Voya Financial Partners, LLC to provide certain administrative, management, professional advisory, consulting, and other services to the Company for the benefit of its customers. During 2015, no expenses were incurred under this agreement.

Tax Sharing Agreements

Effective January 1, 2013, the Company entered into a Federal Income Tax Sharing Agreement with members of the VFI affiliated group. The agreement provides for the manner of calculation and the amounts/timing of the payments for the filing of consolidated federal income tax returns between the parties. The Federal Income Tax Sharing Agreement provides that VFI will pay its subsidiaries for the tax benefits of ordinary and capital losses only to the extent the consolidated tax group actually uses the tax benefit of losses generated. For 2015, a tax settlement of \$899,715 was paid to VFI.

Effective January 1, 2001, the Company entered into a Tax Sharing Agreement with VFI and each of the specific subsidiaries that are parties to the agreement. The Tax Sharing Agreement applies to situations in which VFI and all or some of the subsidiaries join in the filing of a state or local franchise, income tax, or other tax return on a consolidated, combined, or stand-alone basis.

Guaranty Agreement

The Company entered into a Guaranty Agreement with its parent, SLD, dated July 24, 1998, whereby SLD issued an unconditional guaranty of all obligations to the policyholders of the Company. The purpose of the guaranty was to enable the Company to maintain a stand-alone Standard & Poor's claims paying rating of "AA." No payments were made pursuant to this Guaranty Agreement in 2015.

Reinsurance Agreements

See the “Reinsurance” section of this report of examination for information regarding reinsurance agreements with affiliates.

FIDELITY BOND AND OTHER INSURANCE

The Company is protected by a Financial Institution Bond with a single loss limit of \$10,000,000 and a \$2,500,000 deductible. This coverage is for all companies within Voya Financial Group. The fidelity bond limit was adequate to meet the prescribed minimum coverage specified by the NAIC. Other various interests of the Company are protected by appropriate policies of insurance.

The provisions of IC 27-1-7-14 require that the amount and form of fidelity bonds and the sufficiency of the sureties thereon shall be approved by the Board of Directors of the Company and by the INDOI and shall be filed with the INDOI within such time as it may prescribe. However, the Company’s Financial Institution Bond was not approved by its Board of Directors at any time during the five (5) year examination period ending December 31, 2015. In addition, the Company’s two (2) fidelity bonds that were effective from May 2, 2014 to May 2, 2015 and from May 2, 2015 to May 2, 2016 were not filed with the INDOI. (Please see the “Other Significant Findings” section of this report of examination regarding this issue.)

STATUTORY AND SPECIAL DEPOSITS

The Company reported statutory and special deposits comprised of U.S. Treasury Bonds held by various Departments of Insurance in compliance with statutory requirements as of December 31, 2015:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
Deposits for the Benefit of all Policyholders:		
Indiana	\$ 1,639,565	\$ 1,636,942
All Other Special Deposits:		
Arkansas	104,463	104,295
Georgia	51,734	51,651
New Mexico	204,946	204,618
North Carolina	655,627	654,578
South Carolina	128,340	128,134
U S Virgin Islands	<u>512,364</u>	<u>511,544</u>
Total Deposits	<u>\$3,297,039</u>	<u>\$3,291,762</u>

REINSURANCE

Reinsurance Assumed

No premiums were assumed in 2015. Total reserves assumed as of December 31, 2015 were less than \$10,000 and were related to a yearly renewable term (YRT) treaty that was entered into with Lincoln

National Life Insurance Company effective October 1, 1971.

Reinsurance Ceded

Pursuant to an agreement effective June 6, 1988, the Company ceded \$2,532,118 of reserve credits to Symetra Life Insurance Company on an 80% coinsurance basis during 2015. Ceded reserves were primarily related to a block of flexible premium deferred annuities. The Company also ceded \$36,349 of reserves to SLD under an automatic YRT agreement entered into effective January 1, 1984.

RESERVES

Patrick D. Lusk, FSA, MAAA, Senior Vice President and Chief Actuary, was the Appointed Actuary for the Company. Mr. Lusk was appointed by the Board of Directors to render an actuarial opinion on the statutory-basis reserves of the Company for 2012 to 2015. Francis de Regnacourt, FSA, MAAA, rendered an opinion on such reserves for 2011 covered by this examination.

The scope of the opinion was to examine the actuarial assumptions and methods used in determining reserves and related actuarial items, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials, as of December 31, 2015. 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 2015 opinion stated that the amounts carried in the balance sheet on account for policy reserves and related actuarial 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 policy or contract provision as to reserve basis and method, and are in accordance with all other contract provisions, 3) meet the requirements of Indiana insurance law and regulations and are at least as great as the minimum aggregate amounts required by the State of Indiana, 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 provisions for all actuarial reserves and related statement items that ought to be established.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The detail trial balance prepared from the Company's general ledger for the year ending December 31, 2015, was agreed to the Annual Statement without exception. The Company's independent auditors issued unqualified opinions on the Company's audited statutory financial statements for each year during the examination period. The audited statutory financial statements were agreed to the Annual Statement for the year ending December 31, 2015, with no exceptions noted. All of the independent audit work papers were made available to the Examiners during the examination.

The Company's accounts and records are maintained using electronic data processing with the exception of certain items entered manually into the general ledger. The Company maintains adequate supporting work papers, which were reviewed during the examination. The Information Systems controls were reviewed in this examination, and no material exceptions were noted to the control practices and procedures.

Overall, the Examiners determined the Company's accounting procedures, practices, and account records were satisfactory.

FINANCIAL EXHIBITS

Comparative Exhibit – Statutory Statement of Assets
Comparative Exhibit – Statutory Statement of Liabilities, Surplus and Other Funds
Comparative Exhibit - Statutory Summary of Operations
Comparative Exhibit – Statutory Capital and Surplus Account

NOTE: Amounts are shown in whole dollars and columns may not total due to rounding.

MIDWESTERN UNITED LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

Assets

	<u>As of December 31, 2015</u>			
	<u>Per Annual Statement</u>	<u>Examination Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
Bonds	\$ 202,272,954	\$ -	\$ 202,272,954	\$ 203,605,464
Preferred stocks	25,000	-	25,000	25,000
Mortgage loans on real estate – first liens	14,738,318	-	14,738,318	10,617,129
Cash, cash equivalents and short-term investments	5,952,591	-	5,952,591	8,791,410
Contract loans	7,719,550	-	7,719,550	8,530,250
Other invested assets	27,103	-	27,103	31,000
Subtotals, cash and invested assets	\$ 230,735,516	\$ -	\$ 230,735,516	\$ 231,600,253
Investment income due and accrued	2,435,887	-	2,435,887	2,427,646
Uncollected premiums and agents' balances in the course of collection	7,056	-	7,056	(2,631)
Deferred premiums, agents, balances and installments booked but deferred and not yet due	201,782	-	201,782	220,426
Other receivables under reinsurance contracts	52,455	-	52,455	40,816
Current federal and foreign income tax recoverable and interest thereon	59,894	-	59,894	167,408
Net deferred tax asset	1,292,044	-	1,292,044	1,923,747
Guaranty funds receivable or on deposit	21,568	-	21,568	29,391
Receivable from parent, subsidiaries and affiliates	113,904	-	113,904	135,200
Total Assets	<u>\$ 234,920,106</u>	<u>\$ -</u>	<u>\$ 234,920,106</u>	<u>\$ 236,542,256</u>

MIDWESTERN UNITED LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

Liabilities, Surplus and Other Funds

	As of December 31, 2015			December 31, Prior Year
	Per Annual Statement	Examination Adjustments	Per Examination	
Liabilities:				
Aggregate reserve for life contracts	\$ 85,720,271	\$ -	\$ 85,720,271	\$ 89,936,757
Liability for deposit-type contracts	17,175,782	-	17,175,782	17,311,801
Contract claims:				
Life	1,764,357	-	1,764,357	2,264,581
Provision for policyholders' dividends payable in following year	509,722	-	509,722	533,998
Premiums and annuity considerations for life and accident and health contracts received in advance	8,504	-	8,504	9,194
Other amounts payable on reinsurance	65,467	-	65,467	51,020
Commissions to agents due or accrued	90	-	90	-
General expenses due or accrued	102	-	102	3,147
Taxes licenses, and fees due or accrued, excluding federal income taxes	201,439	-	201,439	204,953
Unearned investment income	231,905	-	231,905	246,044
Amounts withheld or retained by company as agent or trustee	6,006	-	6,006	(51,924)
Remittances and items not allocated	47,914	-	47,914	72,480
Asset valuation reserve	1,136,194	-	1,136,194	939,360
Payable to parent, subsidiaries, and affiliates	319,790	-	319,790	191,262
Aggregate write-ins for liabilities	47,915	-	47,915	69,492
Total Liabilities	\$ 107,235,458	\$ -	\$ 107,235,458	\$ 111,782,165
Capital and Surplus:				
Common capital stock	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 2,500,000
Gross paid in and contributed surplus	9,393,754	-	9,393,754	9,393,754
Unassigned funds (surplus)	115,790,894	-	115,790,894	112,866,337
Total Surplus	125,184,648	-	125,184,648	122,260,091
Total Capital and Surplus	\$ 127,684,648	\$ -	\$ 127,684,648	\$ 124,760,091
Total Liabilities, Capital and Surplus	\$ 234,920,106	\$ -	\$ 234,920,106	\$ 236,542,256

MIDWESTERN UNITED LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

Summary of Operations

For the Year Ended December 31, 2015

	<u>Per Annual Statement</u>	<u>Examination Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
Income				
Premium for life and accident and health contracts	\$ 3,230,240	\$ -	\$ 3,230,240	\$ 3,603,930
Considerations for supplementary contracts with life contingencies	87,070	-	87,070	416,225
Net investment income	10,514,039	-	10,514,039	9,955,906
Amortization of Interest Maintenance Reserve	(80,377)	-	(80,377)	(137,687)
Commission and expense allowances on reinsurance ceded	279	-	279	40
Aggregate write-ins for miscellaneous income	9,939	-	9,939	12,290
Total income	\$ 13,761,190	\$ -	\$ 13,761,190	\$ 13,850,704
Expenses				
Death benefits	\$ 7,535,926	\$ -	\$ 7,535,926	\$ 7,168,516
Matured endowments	62,468	-	62,468	121,903
Annuity benefits	373,764	-	373,764	408,086
Coupons, guaranteed annual pure endowments and similar benefits	49,822	-	49,822	53,596
Surrender benefits and withdrawals for life contracts	2,480,051	-	2,480,051	3,066,942
Interest and adjustments on contracts or deposit-type contract funds	813,449	-	813,449	677,621
Payments on supplementary contracts with life contingencies	64,683	-	64,683	40,986
Increase in aggregate reserves for Life and accident and health contracts	(4,216,486)	-	(4,216,486)	(4,004,882)
Expenses Subtotal	\$ 7,163,677	\$ -	\$ 7,163,677	\$ 7,532,768
Commissions on premiums, annuity considerations and deposit-type contract funds	\$ 155,665	\$ -	\$ 155,665	\$ 166,508
General insurance expenses	1,529,771	-	1,529,771	1,425,328
Insurance taxes, licenses and fees, excluding federal income taxes	127,726	-	127,726	117,304
Increase in loading on deferred and uncollected premiums	(1,762)	-	(1,762)	1,612
Aggregate write-ins for deductions	120	-	120	15,933
Total Expenses	\$ 8,975,197	\$ -	\$ 8,975,197	\$ 9,259,453

Net gain from operations before dividends to policyholders and federal income taxes	\$ 4,785,993	\$ -	\$ 4,785,993	\$ 4,591,251
Dividends to policyholders	<u>395,611</u>	<u>-</u>	<u>395,611</u>	<u>431,151</u>
Net gain from operations after dividends to policyholders and before federal income taxes	\$ 4,390,382	\$ -	\$ 4,390,382	\$ 4,160,100
Federal and foreign income taxes incurred	<u>1,464,921</u>	<u>-</u>	<u>1,464,921</u>	<u>1,412,775</u>
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	\$ 2,925,461	\$ -	\$ 2,925,461	\$ 2,747,325
Net realized capital gains (losses)	<u>584,150</u>	<u>-</u>	<u>584,150</u>	<u>(14,902)</u>
Net Income	\$ 3,509,611	\$ -	\$ 3,509,611	\$ 2,732,423

MIDWESTERN UNITED LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

Capital and Surplus Account

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Capital and surplus, December 31, prior year	<u>\$124,760,091</u>	<u>\$121,976,382</u>	<u>\$120,069,430</u>	<u>\$115,520,484</u>	<u>\$111,144,972</u>
Net income	\$ 3,509,611	\$ 2,732,423	\$ 1,911,626	\$ 3,537,343	\$ 4,028,485
Change in net unrealized capital gains (losses) less capital gains tax	(2,608)	(13,170)	27,377	(282,440)	423,011
Change in net unrealized foreign exchange capital gain (loss)	-	-	-	(216,211)	33,906
Change in net deferred income tax	(660,926)	(87,809)	27,331	(1,166,364)	(226,246)
Change in nonadmitted assets	275,313	132,577	(17,053)	2,180,267	648,418
Change in asset valuation reserve	(196,833)	19,688	(42,329)	496,351	(511,896)
Change in admitted deferred tax per SSAP 10R	-	-	-	-	(20,166)
Net change in capital and surplus for the year	<u>\$ 2,924,557</u>	<u>\$ 2,783,709</u>	<u>\$ 1,906,952</u>	<u>\$ 4,548,946</u>	<u>\$ 4,375,512</u>
Capital and surplus, December 31, current year	<u>\$127,684,648</u>	<u>\$124,760,091</u>	<u>\$121,976,382</u>	<u>\$120,069,430</u>	<u>\$115,520,484</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2015, based on the results of this examination.

OTHER SIGNIFICANT FINDINGS

Record of Director Attendance

During the period covered by this examination, contrary to the requirements of IC 27-1-7-12, the Company did not keep a record of the attendance of directors at the meetings of the board showing the names of the directors, the number of meetings of the board (regular and special), the number of meetings attended, and the number of meetings from which each director was absent. Furthermore, there was no evidence that the attendance record was reported, read, and incorporated into the minutes of the Annual Meeting of the Shareholders (See page 6). See the "Subsequent Events" section of this report of examination.

Fidelity Bond

The provisions of IC 27-1-7-14 require that the amount and form of fidelity bonds and the sufficiency of the sureties thereon shall be approved by the Board of Directors of the Company and by the INDOI and shall be filed with the INDOI within such time as it may prescribe. However, the Company's Financial Institution Bond was not approved by its Board of Directors at any time during the five (5) year examination period ending December 31, 2015. In addition, the Company's two (2) Financial Institution Bonds that were effective from May 2, 2014 to May 2, 2015 and from May 2, 2015 to May 2, 2016 were not filed with the INDOI (See page 8). See the "Subsequent Events" section of this report of examination.

SUBSEQUENT EVENTS

Record of Director Attendance

A Shareholder Written Action of a shareholder meeting was held on April 13, 2017 to record attendance of the Company's directors at meetings of the board in accordance with the requirements of IC 27-1-7-12. The record of the attendance of directors at the meetings of the board reflected the names of the directors, the number of meetings of the board (regular and special) the number of meetings attended, and the number of meetings from which each director was absent. This record was reported, read and incorporated in the minutes of the Shareholder Written Action of a shareholder meeting held on April 13, 2017.

Fidelity Bond

The Company's Board of Directors by a unanimous Written Action dated November 17, 2016, ratified, confirmed, and approved the Financial Institution Bonds that were effective from May 2, 2014 to May 2, 2015; May 2, 2015 to May 2, 2016; and May 2, 2016 to May 2, 2017. In addition, the Company has implemented a procedure for its Statutory Compliance section to request a copy of the new Financial Institution Bond Declaration pages from the Vice President of Risk Management each year and file it with the INDOI upon renewal each year. In November 2016, the Company submitted all Financial Institution Bonds that were not previously filed with the INDOI.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, the Examiners obtained a management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and provided to the Examiners.


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 The Thomas Consulting Group, Inc. and Alberts Actuarial Consulting, LLC, performed an examination of the **Midwestern United Life Insurance Company** as of **December 31, 2015**.

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

The examination was performed in accordance with those procedures required by the 2015 NAIC *Financial Condition Examiner's 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 standard 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 the **Midwestern United Life Insurance Company** as of **December 31, 2015**, as determined by the undersigned.


D. Patrick Huth, CFE
The Thomas Consulting Group, Inc.

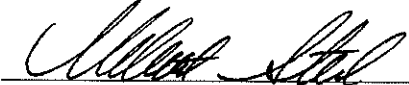

Jerry Ehlers, CFE, CPA
Indiana Department of Insurance

State of:

County of:

On this 9th day of June, 2017, before me personally appeared, D. Patrick Huth, 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 11-14-2021 
Notary Public



