

Report on the Examination

As of December 31, 2019

of

National Life Insurance Company

by the





State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

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Mehran Assadi
President and Chief Executive Officer
National Life Insurance Company
1 National Life Drive
Montpelier, VT 05604

ORDER OF ADOPTION

In accordance with 8 V.S.A. § 3574 (c), I order that the Report on the Examination of National Life Insurance Company for the year ending December 31, 2019 is adopted.

National Life Insurance Company may appeal this order within 30 days of its adoption in accordance with the Vermont Administrative Procedure Act and Department of Financial Regulation Rule 82-1.

A handwritten signature in blue ink, appearing to read "M. Pieciak", written over a horizontal line.

Michael S. Pieciak, Commissioner

A handwritten date in blue ink, "Dec 3rd 2020", written over a horizontal line.

Date



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October 30, 2020

Michael S. Pieciak, Commissioner
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

Dear Commissioner Pieciak:

Pursuant to the November 20, 2019 examination order, the Insurance Division's financial examination team has conducted an examination of:

National Life Insurance Company

with their offices located at
1 National Life Drive
Montpelier, VT 05604

The examination was performed pursuant to 8 V.S.A. § 3563 in order to ascertain the Company's financial condition, ability to fulfill its obligations and compliance with the provisions of Vermont law.



SCOPE OF EXAMINATION

As of December 31, 2019, the financial examination of National Life Insurance Company (“NLIC” or the “Company”) was performed in coordination with the Texas Department of Insurance, with its concurrent financial examination of the Texas domiciled subsidiary, Life Insurance Company of the Southwest (“LSW”). NLIC and LSW along with their non-insurance affiliates are collectively referred to as the National Life Group (the “Group”), NAIC Group Code 634.

The last financial condition examination conducted by the Vermont Department of Financial Regulation (the “Department”) of the Group was as of December 31, 2014 for the previous five-year period. A separate Examination Report has been issued for LSW.

The examination was conducted pursuant to 8 V.S.A. §3563 and guidance provided by the National Association of Insurance Commissioners (“NAIC”). The examination covered the period from January 1, 2015 through December 31, 2019. The Department conducted the examination in accordance with NAIC *Financial Condition Examiners Handbook* (“Handbook”). The Handbook requires that the Department 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. The examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

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 mentioned in 8 V.S.A. § 3574, 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 Group.

SUMMARY OF SIGNIFICANT FINDINGS

There were no findings in the prior exam report or the current exam report. There were no adjustments made to the annual statement based on this examination.

HISTORY

The Company was chartered November 13, 1848 and began insurance operations on January 17, 1850. On January 1, 1999, the Company converted from a mutual to a stock life insurance company, pursuant to a Mutual Holding Company Reorganization Plan approved by the Board of Directors, voting policyholders and the Department. The Company's policyholders at the time of the reorganization hold membership interests in National Life Holding Company ("NLHC"), which currently holds all outstanding shares of NLV Financial Corporation ("NLVF"), which in turn owns all outstanding shares of the Company.

In July of 1999, NLIC acquired the outstanding one-third interest in LSW National Holdings, Inc., which was the parent of Insurance Investors Life Insurance Company, which in turn was the parent of Texas domiciled LSW, a financial services company specializing in the sale of annuities. As a result, the Company became the indirect 100% owner of LSW, as the Company had previously purchased a two-thirds interest in LSW National Holdings, Inc. in February of 1996. By the end of 2007, the intermediate holding companies were merged out of existence and NLIC became the direct parent of LSW.

Dividends

The Company declared and paid the following dividends to its stockholders during the examination period:

2015	\$0
2016	\$10,000,000
2017	\$20,000,000
2018	\$35,000,000
2019	\$210,000,000

The 2016 dividend consisted of 100% of the issued and outstanding common stock of Catamount Reinsurance Company, the 2017 and 2018 dividends consisted of cash, and the 2019 dividend consisted of \$188,000,000 in cash plus 100% of the issued and outstanding common stock of Longhorn Reinsurance Company valued at \$22,000,000. All dividends were considered ordinary and did not require the approval of the Department.

Capital Contributions

The Company made capital contributions to Life Insurance Company of the Southwest in the amount of \$180 million and \$75 million in 2018 and 2019 respectively.

Surplus Notes

In July 2018, the Company issued surplus notes with a principal balance of \$350 million that mature in 2068. These surplus notes will accrue interest at a fixed rate of 5.25% until July 18, 2048, and thereafter at a floating rate equal to the Three-month USD LIBOR rate (or a substitute or successor base rate that is most comparable to such rate, to be determined pursuant to the terms of the notes) plus 3.314%. The surplus notes are redeemable by the Company on or after July 19, 2048. The notes were issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and are administered by The Depository Trust Company. The interest on these notes is scheduled to be paid semiannually on February 15 and August 15 of each year. In April 2019, the Company issued an additional \$128 million of the 2068 5.25% surplus notes, which brought the total of that

issuance to \$500 million. The Company paid interest of \$21.0 million in 2019 and had \$11.8 million of unapproved interest that was not accrued at December 31, 2019.

The Company has outstanding surplus notes with a principal balance of \$168.0 million, bearing interest at 10.5% and a maturity date of September 15, 2039. These surplus notes were originally issued at \$200 million in exchange for cash. During 2019 and 2018, the Company repurchased \$1.2 million and \$7.1 million of the notes, respectively. The notes were issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and are administered by The Depository Trust Company. The interest on these notes is scheduled to be paid semiannually on March 15 and September 15 of each year. The Company paid \$17.7 million in 2019 and had \$5.2 million of unapproved interest that was not accrued at December 31, 2019. Total principal and interest paid on the surplus note is \$244.5 million.

All surplus notes are unsecured and subordinated in right of payment to all present and future indebtedness, policy claims and prior claims and rank the same with any future surplus notes, and any redemption payment may be made only with prior approval of the Commissioner, whose approval will only be granted if, in the judgment of the Commissioner, the financial condition warrants the making of such payments. The notes shall not be entitled to any sinking fund.

In July 2018, National Life also completed an exchange transaction, in which it issued an additional \$22.1 million of the 5.25% surplus notes in exchange for its 10.5% surplus notes, originally issued in 2009, with a principal balance of \$12.8 million. The discount at the time of the exchange, \$9.3 million, will be recognized in interest expense over the life of the 5.25% surplus notes.

MANAGEMENT AND CONTROL

Corporate Records

The Company's home and administrative office is located in Montpelier, Vermont and the Company also maintains its corporate records at this location. The examiners reviewed the minutes of the Joint Board of Directors and key committees thereof, which include oversight for NLHC, NLVF and NLIC. The minutes appeared to adequately approve and support the Company's transactions and events and were in compliance with the Company's Articles and By-Laws.

Shareholders

The Company By-Laws state that the annual meeting of the Shareholders is held on the second Friday of May in each year, except as otherwise determined by the Joint Board of Directors. The meeting is held at the offices of the Company in Montpelier, Vermont, except as otherwise determined by the Joint Board of Directors. Special meetings of Shareholders may be called for any purpose or purposes at any time by the Chairman of the Board, the President, the Board of Directors or by a committee of the Joint Board of Directors authorized to call such meetings. A special meeting may also be called by the Chairman of the Board upon the written request of Shareholders holding at least ten percent (10%) of all the votes. Minutes of meetings held by the Shareholders during the examination period were reviewed without exception.

Joint Board of Directors

The Amended and Restated Charter of the Company states that the business and affairs of the Company are managed by the Joint Board of Directors. All corporate power and authority of the Company (except as at the time otherwise provided by law, by the Charter or by the By-Laws) is vested in and exercised by the Joint Board of Directors.

The number of Directors of the Company is not less than three and not more than ten. The Joint Board of Directors are divided into three classes which are equal in number as possible. At each annual meeting of Shareholders, respective successors are elected for three-year terms. Directors

are only elected at the annual meetings of the Shareholders, except for appointments to fill a vacancy. Directors hold office until the annual meeting at which the term of their office expires and the election and qualification of his or her successor has taken place, or until his or her earlier death, resignation or removal. The Joint Board of Directors includes at least three Independent Directors.

The following individuals were elected to the Joint Board of Directors of the Company in accordance with the By-Laws and serving as of December 31, 2019:

<u>Name and Principal Business Association:</u>	<u>Residence:</u>
Mehran Assadi National Life Group	Vermont
Yvette D. Bright National Life Group	Pennsylvania
Carol A. Carlson Retired Partner - Ernst & Young LLP	Massachusetts
David R. Coates Coates Advisory Services	Vermont
James H. Douglas Middlebury College	Vermont
Bruce M. Lisman Retired – JP Morgan Chase	Vermont
Thomas H. MacLeay Retired - National Life Group	Vermont
Roger B. Porter Harvard University	Massachusetts
Harris H. Simmons Zions Bancorporation	Utah

Officers

The Company's By-Laws state that the Joint Board of Directors elects a President, may elect one or more executive officers at the level of Senior Vice-President or above, and may elect a Chairman of the Board from among its members.

The Officers of the Company as of December 31, 2019 were as follows:

<u>Name</u>	<u>Title</u>
Mehran Assadi	Chairman, President & Chief Executive Officer
Sarah J. VanBeck	Senior Vice President, Chief Financial Officer & Treasurer
Eric G. Sandberg	Senior Vice President & Chief Risk Officer
Robert E. Cotton	Senior Vice President & Chief Operating Officer
Vesta C. Bovair	Executive Vice President
Christopher B. Zimmerman	Vice President & General Counsel
Jason J. Doiron	Senior Vice President & Chief Investment Officer
William D. Whitsell	Senior Vice President & Chief Underwriting Officer
Nimesh Mehta	Senior Vice President & Chief Information Officer
Mark Benjamin	Senior Vice President & Chief People Officer
Ataollah Azarshahi	Senior Vice President
Achim B. Schwetlick	Senior Vice President
Matthew C. Frazee	Senior Vice President
Kerry A. Jung	Vice President, Assistant General Counsel & Secretary

Committees

The Company's By-Laws state that the Joint Board of Directors have the following standing committees: an Executive Committee and an Independent Directors Committee. The Independent Directors Committee is necessary only if the mutual holding company made a public offering of any of its holdings of NLVF. The Board may designate one or more committees and appoint members to various committees, designate directors and alternates and replace any absent or disqualified member at any meeting of the committee.

The active committees as of December 31, 2019 include:

- Joint Executive Committee
- Joint Audit Committee
- Joint Compensation Committee
- Joint Nominating & Governance Committee

Affiliated Companies

The Company is a member of an Insurance Holding Company System as defined by 8 V.S.A. §3681, et seq. The Company is wholly and directly owned by NLVF, a Delaware corporation. NLVF is in turn, a wholly and directly owned subsidiary of NLHC, a Vermont mutual insurance holding company. As of the examination date, the Company had one subsidiary, LSW, which is wholly and directly owned by NLIC.

In 2009, NLVF formed a wholly-owned subsidiary called National Life Real Estate Holdings, LLC (NLREH), whose operations consisted of ownership, management, and operation of real estate and mortgage loans. Effective October 15, 2014, NLREH was dissolved and all assets were transferred to NLVF, which in turn contributed those assets to the Company.

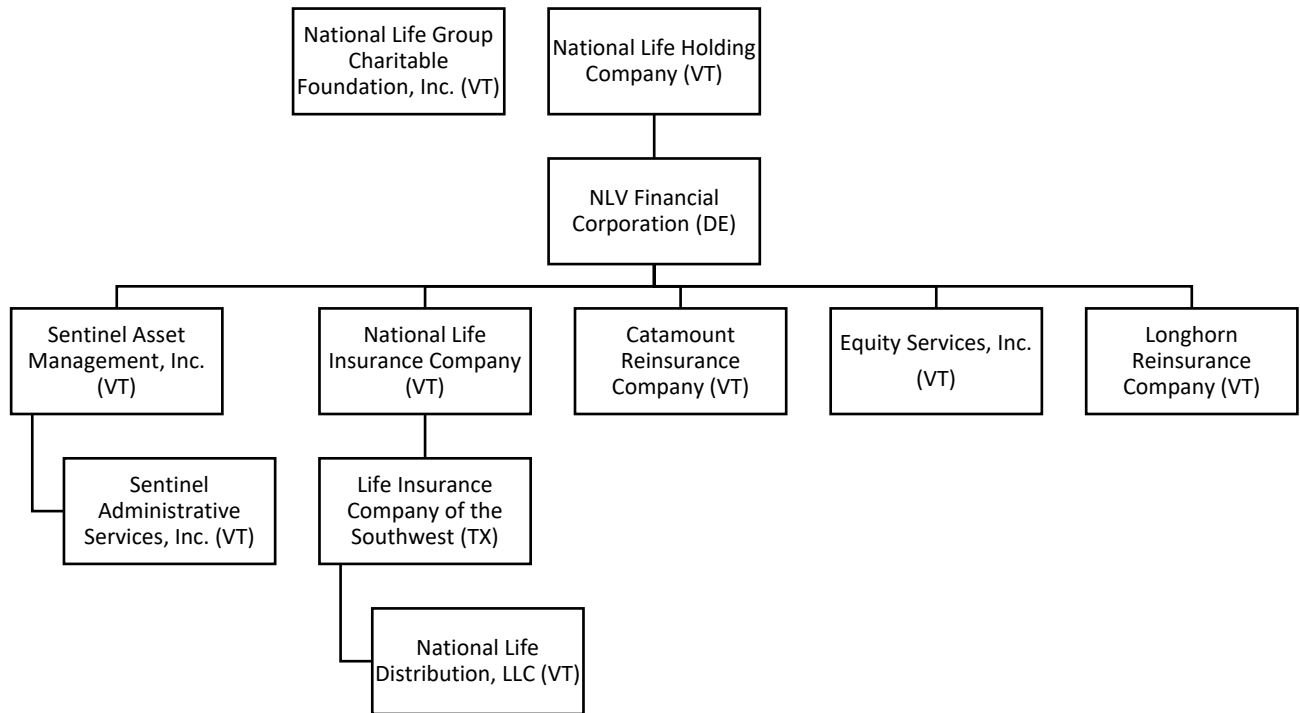
On March 6, 2015, National Life Distribution, LLC ("NLD") was formed as a wholly-owned non-insurance subsidiary of LSW. NLD serves as a master agency for NLIC and LSW field force operations.

On August 5, 2015, Catamount Reinsurance Company (“Catamount”) was formed as a subsidiary of NLIC. Catamount is a special purpose financial insurance company domiciled and licensed in the state of Vermont. Effective July 1, 2015, NLIC entered into a coinsurance with funds withheld agreement with Catamount to reinsure the Closed Block policies. During 2016, ownership of Catamount was transferred as a dividend from NLIC to NLVF.

In 2016, Longhorn Reinsurance Company (“Longhorn”) was formed as a direct subsidiary of NLIC and commenced business on August 17, 2016 as a special purpose financial insurance company domiciled and licensed in the state of Vermont for the purpose of entering into reinsurance transactions with LSW. NLIC made an initial capital contribution to Longhorn of \$22 million. During 2019, ownership of Longhorn was transferred as a dividend from NLIC to NLVF.

Organizational Chart

The corporate structure as of December 31, 2019 is as follows:



Cost-sharing agreements

The Company has an expense sharing agreement with LSW in which LSW will reimburse the Company for administrative and other general expenses associated with services provided by the Company. In addition, the Company and several of its subsidiaries and affiliates share common facilities and employees. Expenses are periodically allocated according to specified reimbursement agreements.

Tax Sharing Agreement

The Company's federal income tax return is consolidated with some of its affiliates. Allocation is based upon separate return calculations with current benefit for net losses and tax credits to the extent utilized in the consolidated income tax return. Intercompany tax balances are settled quarterly.

TERRITORY AND PLAN OF OPERATIONS

The Company and its affiliates and subsidiaries offers life insurance policies, annuity contracts, and investment products and services. As of December 31, 2019, the Group's leading life insurance product lines include indexed universal life, whole life, term life, and universal life. A wide array of options and riders are offered in connection with these policies to provide additional features such as accelerated benefits, waiver of premium, accidental death benefits, paid up additions, supplemental term insurance and lifetime income.

The Group's leading annuity product lines are indexed annuities and fixed interest rate annuities. A guaranteed lifetime income rider is offered on the indexed annuity products, which allows the contract holder the option to elect a guaranteed annual income that is fixed and will continue for the remaining life of the contract holder, even if the annuity's account value reaches zero. The Group also offers variable annuities, but does not offer, and has never offered, guaranteed minimum withdrawal, accumulation or income benefits on the variable annuities. A return of

premium guaranteed minimum death benefit is the only guarantee currently offered on the variable annuity products.

For indexed life and annuity products, indexed interest, if any, is credited based on the change in an equity index over a specified period, subject to a cap rate, a participation rate and a floor of zero percent. Indexed products also offer the contract holder the option of selecting a guaranteed fixed interest rate instead of indexed interest.

The Group provides a broad range of life insurance and annuity products to a national client base, primarily through an extensive network of independent agents and affiliated agents. The Group is focused on serving Middle America in the target market of customers with household income of between \$75,000 and \$150,000, offering products with benefits that help Middle America customers meet needs during their lifetime, including lifetime income in retirement and accelerated death benefits if the insured becomes terminally, chronically or critically ill. In the individual annuity business, the Group focuses on the 403(b) K-12 educator market. The Group also provides financial solutions in the form of estate, business succession and retirement planning, and deferred compensation and other key executive benefit planning to small business owners, professionals, and other middle to upper income individuals. The Group markets and distributes products throughout the United States through two principal channels: Affiliated Partner and Independent:

- *Affiliated Partner* is an evolution of the traditional “career” channel, and includes producing and general agents who specialize in selling products to the middle and emerging affluent markets, professionals, business owners and other individuals for financial and business planning purposes.
- *Independent* consists of agents who primarily offer life insurance and annuity products to the middle and emerging affluent markets, for purposes of providing for the financial consequences of specific life events, such as death, retirement, and chronic or long-term illness. While the agents have access to all products, certain agents sell life insurance and

annuity products with an emphasis on the 403(b) qualified tax deferred retirement savings market for individuals employed by public schools.

REINSURANCE

Ceded

The Company was party to various reinsurance treaties whereby a portion of the claims liability was ceded to the reinsurer. When reinsurance is needed, the underwriting capacity, rates offered, and the financial stability of the proposed reinsurer are reviewed prior to issuance. All new treaties are reviewed by the Legal department. Final agreements are signed by the VP of Corporate Development. If a co-signer is required, it will be done by the Reinsurance Actuary. The Company's investment department rates the reinsurer for financial stability in addition to relying on industry ratings.

Effective in March 2018, for certain indexed universal life products, the Company may retain up to \$4 million of risk on an individual life. For other individual life products sold on or after August 16, 2004, the Company generally retains no more than \$2 million of risk on any life insured (excluding accidental death benefits and dividend additions). For individual life products sold after 2001 but prior to August 16, 2004, the Company generally retains no more than \$1 million of risk on any person (excluding accidental death benefits and dividend additions). Most life insurance limits range from \$15 million to \$30 million based on issue age and table with jumbo limits going up to \$50 million.

All new treaties include recapture provisions for the business reinsured, which allows the Company to recapture business previously ceded. The majority of the Company's contracts provide for automatic and facultative reinsurance.

Assumed

The Company was party to several reinsurance treaties whereby it assumed reinsurance from a ceding company. Retention limits of the ceding companies varied from \$300 thousand to \$2-3 million and NLIC limits of acceptance range from \$500 thousand to \$3 million depending on type of treaty. NLIC accepted reinsurance on both an automatic and facultative basis.

CLOSED BLOCK

Pursuant to regulatory requirements, as part of the reorganization into a mutual holding company corporate structure, the Company established and began operating a Closed Block of policies and related assets. The Closed Block was established on January 1, 1999 for the benefit of policyholders of participating policies in-force at December 31, 1998. Included in the block, are traditional dividend paying life insurance policies, certain participating term insurance policies, dividend paying flexible premium annuities, and other related liabilities. The Closed Block was established to protect the policy dividend expectations related to these policies. The Closed Block is expected to remain in effect until all policies within the Closed Block are no longer in-force. Assets assigned to the Closed Block at January 1, 1999, together with projected future premiums and investment returns, are reasonably expected to be sufficient to pay out all future Closed Block policy benefits. Such benefits include policyholder dividends paid out under a dividend scale that may be adjusted to reflect future changes in the underlying experience.

Article 9 of the Department approved Plan of Reorganization (the Plan) states the rules related to operation and reporting of the Closed Block. This includes procedures for allocation of expenses to the Closed Block as well as the annual apportionment of policyholder dividends. In accordance with the requirements in Article 9 of the Plan, the Company engages an independent actuary at least every three years to issue an opinion on certain areas related to the operation of the Closed Block. On October 3, 2018, Jacqueline M. Keating, FSA MAAA, Consulting Actuary

from the firm Milliman, Inc., issued a Statement of Actuarial Opinion for the period January 1, 2015 through December 31, 2017. Ms. Keating noted no exceptions and found the dividends to be reasonable and the tax and other charges made to the Closed Block to be in compliance with Article 9 of the Plan.

FINANCIAL STATEMENTS

The following statements are based on the statutory financial statements filed by NLIC with the Vermont Department of Financial Regulation and present the financial condition of the Company for the period ending December 31, 2019.

Statement of Assets

Cash and invested assets:	
Bonds	\$ 5,548,288,834
Preferred stocks	11,000,000
Common stocks	1,525,065,293
Mortgage loans	494,201,960
Real estate	53,803,949
Cash, cash equivalents and short-term investments	214,674,720
Contract loans	509,027,095
Derivatives	115,367,648
Other invested assets	217,348,337
Receivables for securities	5,151,975
	<hr/>
Total cash and invested assets	8,693,929,811
	<hr/>
Investment income due and accrued	72,545,700
Deferred and uncollected premiums	41,074,985
Reinsurance recoverable on paid losses	1,292,249
Net deferred tax asset	84,086,651
Guaranty funds receivable or on deposit	583,932
Electronic data processing equipment and software	2,315,138
Receivables from parent, subsidiaries and affiliates	7,401,785
Aggregate write-ins for other than invested assets	307,041,683
	<hr/>
Total admitted assets excluding separate accounts	9,210,271,934
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Separate account assets	892,466,809
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Total admitted assets	\$ 10,102,738,743
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Statement of Liabilities and Capital and Surplus

Aggregate reserves for life and annuity contracts, net of reinsurance	\$ 2,835,605,522
Aggregate reserves for accident and health reserves, net of reinsurance	426,463,799
Liability for deposit-type contracts	194,487,058
Unpaid policy and contract claims	16,658,642
Policyholders' dividends	10,240,953
Other policy and contract liabilities	1,149,043
Employee and agent benefits	78,015,786
Interest maintenance reserve	22,264,149
Asset valuation reserve	67,698,083
Payable to parent, subsidiaries and affiliates	203,773,991
Funds held under coinsurance	2,835,489,938
Derivatives	49,150,850
Other liabilities	<u>190,643,645</u>
Total liabilities, excluding separate accounts	<u>6,931,641,459</u>
Separate account liabilities	<u>881,791,214</u>
Total liabilities	<u>7,813,432,673</u>
Surplus notes	656,955,215
Common stock	2,500,000
Additional paid-in surplus	351,091,927
Special surplus	11,463,247
Unassigned surplus	<u>1,267,295,681</u>
Total capital and surplus	<u>2,289,306,070</u>
Total liabilities and capital and surplus	<u>\$ 10,102,738,743</u>

Statement of Operations

Premium and annuity consideration for life and accident and health contracts	\$ 338,669,269
Considerations for supplementary contracts with life contingencies	782,392
Net investment income	337,157,914
Amortization of interest maintenance reserve	2,978,075
Other income	<u>12,294,883</u>
Total premiums and other revenue	<u>691,882,533</u>
Benefits paid or provided:	
Death benefits	50,269,872
Annuity benefits	36,071,721
Surrender benefits and other fund withdrawals	143,089,441
Other benefits	31,375,997
Increase in policy reserves	<u>140,571,158</u>
Total benefits paid or provided	<u>401,378,189</u>
Insurance expenses:	
Commissions	76,421,373
General and administrative expenses	58,275,115
Insurance taxes, licenses and fees and other expenses	144,423,620
Net transfer from separate accounts	<u>(35,654,090)</u>
Total insurance expenses	<u>243,466,018</u>
Gain from operations before dividends to policholders, income taxes and net realized capital gains (losses)	47,038,326
Dividends to policyholders	<u>6,908,859</u>
Net gain from operations before income taxes and net realized capital gains	40,129,467
Federal income tax benefit	<u>13,554,420</u>
Gain from operations before net realized capital losses	53,683,887
Net realized capital losses	<u>(13,789,482)</u>
Net Income	<u>\$ 39,894,405</u>

Statement of Changes in Capital and Surplus

Capital and surplus at December 31, 2018	\$ 2,131,106,783
Net income	39,894,405
Change in net unrealized capital gains	224,830,608
Change in net deferred income taxes	(7,551,859)
Change in non-admitted assets	(2,015,650)
Change in asset valuation reserve	3,792,282
Other changes in surplus in Separate Accounts statement	1,298,917
Change in surplus notes	124,869,105
Dividends to stockholders	(210,000,000)
Aggregate write-ins for gains and losses in surplus	<u>(16,918,521)</u>
Change in surplus for the year	<u>158,199,287</u>
Capital and surplus at December 31, 2019	<u><u>\$ 2,289,306,070</u></u>

SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared a worldwide pandemic due to a novel coronavirus outbreak, known as COVID 19. The direct and indirect effects of the pandemic on the financial health and operations of the Company may be material, however, the ultimate impact is not determinable at this time.

COMMENTS AND RECOMMENDATIONS

There are no significant findings or financial adjustments as a result of this examination. A Comment Letter will be issued to the Board as a result of this exam addressing opportunities for improvement and other items that did not reach a level of significance to warrant inclusion in this report. In such cases, these matters were thoroughly discussed with responsible personnel during the examination.

CONCLUSION

In addition to the undersigned, the following individuals participated in the examination:

Vermont Department of Financial Regulation

Miranda Cloutier, AFE

Jennan Enterprises (IT Examiners)

Jenny Jeffers, AES, CISA,

Joanna Latham, CPA, CFE, AES, CISA, CRISC

Risk and Regulatory Consulting

John Humphries, ASA, MAAA, CFE, CISA, AES, MCM, Supervising Partner

Eric Free, CFE, ALMI, Examiner in Charge

Amy Alves, CPA, Senior Examiner

Hanna Marynenka, CPA, Senior Examiner

Kristen Sharrow, CPA, CFE, Senior Examiner

Ed Toy, MBA, Investment Specialist

Andy Rarus, ASA, MAAA, Lead Actuary

Veronika Cooper, FSA, MAAA, Associate Actuary

Kemi Akinyemi, FSA, MAAA, EA, Associate Actuary

Rohan Alahakona, ASA, MAAA, Associate Actuary

We wish to express our appreciation to the Officers and Directors for the courteous cooperation extended during the course of the examination.

Respectfully submitted,



Karen Ducharme, CPA, CFE

Director of Company Licensing and Examinations

Division of Insurance

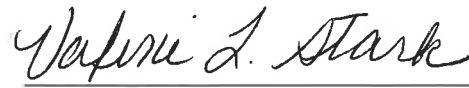
Vermont Department of Financial Regulation

STATE OF VERMONT
COUNTY OF WASHINGTON

Karen Ducharme, being duly sworn, deposes and says that the foregoing report submitted by her is true to the best of her knowledge and belief.

Subscribed and sworn to before me

This 2ND day of December, 2020



Notary Public

my Commission Expires 1/31/2021