

**REPORT ON EXAMINATION**  
**OF**  
**SECURITY BENEFIT LIFE INSURANCE COMPANY**  
**ONE SECURITY BENEFIT PLACE**  
**TOPEKA, KS 66636**  
**AS OF**  
**DECEMBER 31, 2023**

**FILED**

June 30, 2025

**VICKI SCHMIDT**  
Commissioner of Insurance

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Topeka, Kansas  
June 30, 2025

Honorable Vicki Schmidt  
Commissioner of Insurance  
Kansas Department of Insurance  
1300 SW Arrowhead Rd  
Topeka, Kansas 66604-4073

Dear Commissioner:

In accordance with your authorization and pursuant to K.S.A. 40-222, an examination has been conducted of the financial condition and business affairs of:

**SECURITY BENEFIT LIFE INSURANCE COMPANY**

with its statutory home office at:

**ONE SECURITY BENEFIT PLACE  
Topeka, KS 66636**

and main administrative office at:

**ONE SECURITY BENEFIT PLACE  
Topeka, KS 66636**

hereinafter referred to as the "Company" or "SBLIC." The following report on such examination is respectfully submitted.

**SCOPE OF EXAMINATION**

The examiners have performed a multi-state financial examination of the Company, a Kansas-domiciled life insurance company. The last examination covered the three-year period from January 1, 2018, through December 31, 2020. This examination covered the three-year period from January 1, 2021, through December 31, 2023.

The examination of SBLIC was a coordinated group examination conducted

concurrently with the states of New York, Vermont and Wisconsin, with Kansas serving as the lead state. New York was an actively participating state in the examination of its domestic insurer, First Security Benefit Life Insurance and Annuity Company of New York ("FSBL"). Vermont was a passive participating state as its domestic insurer, Sixth Avenue Reinsurance Company ("SARC"), is a captive. The Vermont Department of Financial Regulation ("VDFR") will perform a captive examination of SARC at a later date. The VDFR followed the progress of the examination through access to the TeamMate project and participation on the monthly regulator coordination calls. Wisconsin agreed to conduct the examination of its domestic insurer, Everly Life Insurance Company ("ELIC"), as the facilitating state of the Everly subgroup due to the autonomy of ELIC's operations. Where applicable, the Wisconsin Office of the Commissioner of Insurance leveraged the coordinated group examination work.

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

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.

Those activities considered in the examination as key or critical to SBLIC included Investments, Reserving, Reinsurance Ceded and Assumed, Separate Accounts, Related Parties, Capital Management and Pricing. The examination also included a review and evaluation of information technology general controls.

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 is documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in K.S.A. 40-222, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

### **Independent Audit Reports**

Financial statements of the Company were audited by Ernst & Young, LLP, Chicago, IL for the years ending December 31, 2021, through December 31, 2023. In each of the years under examination, the auditors concluded the financial statements of the Company present fairly, in all material respects, the admitted assets, liabilities and policyholders' surplus of the Company as of December 31, 2023, and the results of its operations and its cash flows for the years then ended in accordance with the statutory accounting practices prescribed or permitted by the Department.

The independent auditor's 2023 workpapers were obtained, reviewed and analyzed by the examiners. Significant reliance was placed on select workpapers during this examination.

### **Actuarial Review**

Duc X. Ho, FSA, MAAA, employee of SBLIC, was appointed to perform a review of the Company's actuarial practices and reserves as of December 31, 2023. The appointed actuary's review consisted of evaluating assumptions, methodologies, and calculations utilized by the Company in its reserve setting process.

## **COMPANY HISTORY**

### **General**

The Company was incorporated in 1892 as a fraternal benefit society under the name of "The National Council of the Knights and Ladies of Security." In 1919, the name was changed to "The Security Benefit Association" ("Association"). Effective January 2, 1950, the Association was reorganized into a mutual life insurance company and the name was changed to "Security Benefit Life Insurance Company." On July 31, 1998, the Company reorganized and converted to a stock life insurance company. The Company is owned entirely by SBL Holdings, Inc. ("SBLH"), a holding company domiciled in the state of Kansas. SBLH is wholly owned by Security Benefit Corporation ("SBC")<sup>1</sup>.

Eldridge Industries, LLC ("Eldridge") is the indirect parent to SBLH. Eldridge is led by Mr. Todd Boehly, Chairman and CEO. Mr. Boehly is the ultimate controlling person. Prior to founding Eldridge, Mr. Boehly was the President of Guggenheim Partners. Eldridge completed its acquisition of SBLIC in 2017 from Guggenheim SBC Holdings

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<sup>1</sup> See Subsequent Events section item 1.

LLC.

### **Capital Stock**

As of December 31, 2023, the Company had 1,000,000 shares of common stock with a par value of \$10 authorized, with 700,000 shares issued and outstanding. One hundred percent (100%) of the Company's stock was owned by SBLH.

### **Dividends and Capital Contributions**

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

| Year  | Total             |
|-------|-------------------|
| 2023  | \$ 350,000        |
| 2022  | 100,000           |
| 2021  | -                 |
| Total | <u>\$ 450,000</u> |

The Company received the following capital contributions, (in 000s), from SBLH during the examination period:

| Year  | Capital Contribution |
|-------|----------------------|
| 2023  | \$ -                 |
| 2022  | 435,000              |
| 2021  | <u>500,000</u>       |
| Total | <u>\$ 935,000</u>    |

The Company made the following capital contributions, (in 000s), to SARC, a wholly owned subsidiary, during the examination period. The 2023 and 2021 contributions were payable at year end and paid in the subsequent year. The 2022 contribution was paid in December 2022.

| Year | Capital Contribution |
|------|----------------------|
| 2023 | \$ 35,000            |

|       |                  |
|-------|------------------|
| 2022  | 10,000           |
| 2021  | 25,000           |
| Total | <u>\$ 70,000</u> |

### **Surplus Notes**

On October 1, 2003, the Company issued a \$100.0 million surplus note at 7.45% interest with a maturity date of October 1, 2033. The surplus note was issued pursuant to Rule 144A under the Securities Act of 1933. Morgan Stanley & Co. Inc. and Lehman Brothers Inc. were the underwriters and Bank of New York Mellon is the fiscal agent. Each payment of interest or principal on the surplus note may be made only with the prior approval of the Commissioner and only out of surplus funds the Commissioner determines to be available for such payment under the Kansas Insurance Code. As of December 31, 2023, the outstanding carrying value of the surplus note was \$99.9 million.

Interest expense recognized by the Company for the year-ended December 31, 2023, was \$7.5 million. The Department approved all interest payments made during the examination period.

### **CORPORATE RECORDS**

The Company's articles of incorporation and bylaws were reviewed. There were no amendments to the articles of incorporation or the bylaws during the examination period.

### **MANAGEMENT AND CONTROL**

#### **Ownership**

As of December 31, 2023, SBLH owns 100% of the Company's outstanding capital stock.



## **Board of Directors**

The Company's bylaws consist of seven (7) articles that provide the framework for the operation, management, and control of the Company. The Company is managed under the direction of its board of directors ("Board").

Pursuant to the Company's bylaws, the Board should consist of no less than one (1) nor more than seven (7) directors. The Board members are to be elected at the annual meeting of stockholders. The Board members elected and serving as of December 31, 2023, were as follows:

| <b><u>Name</u></b> | <b><u>Principal Occupation and Business Affiliation</u></b>    |
|--------------------|--|
| Michael P. Kiley   | Board Chair  |
| John F. Guyot      | Senior Vice President, General Counsel and Secretary           |
| Roger S. Offermann | Senior Vice President, Chief Actuary and Chief Product Officer |
| Barry G. Ward      | Retired; former Chief Financial Officer.                       |
| Joseph W. Wittrock | Senior Vice President and Chief Investment Officer             |
| Douglas G. Wolff   | Chief Executive Officer  |

The Board members elected and serving as of May 31, 2025, are included in the Subsequent Events section of this report.

## **Committees**

The Company's bylaws stipulate the Board may designate one (1) or more committees of the Board. The established committees and the members elected and serving as of December 31, 2023, were as follows:

| <b><u>Corporate Responsibility Committee<br/>(formerly the Environmental, Social and<br/>Governance (ESG) Committee)</u></b> | <b><u>Investment<br/>Committee</u></b> |
|--|--|
| Caleb I. Brainerd  | Caleb I. Brainerd                      |

Jennifer Fulks  
John F. Guyot  
Jenifer Purvis

Roger S. Offermann  
Joseph W. Wittrock  
Douglas G. Wolff

The Audit Committee of SBC serves as the Audit Committee for SBLIC. It is chaired by SBC's independent Board member, Wayne Diviney, who is the sole member of the committee. Mr. Diviney is the Chief Financial Officer and Managing Member of The Sail Time Group, LLC.

The established committees and the members elected and serving as of May 31, 2025, are included in the Subsequent Events section.

### **Officers**

Pursuant to the bylaws, the Company will have a: Chairman of the Board, a President, one (1) or more Senior Vice Presidents, a Treasurer, a Secretary, an Actuary, and such other officers as the Board may determine. Any two (2) or more offices may be held by the same person. The appointed officers of the Corporation shall be one (1) or more Vice Presidents, Second Vice Presidents, Assistant Vice Presidents, Assistant Treasurers, and Assistant Secretaries. The elected officers of the Corporation shall be elected by the Board at the annual meeting of the Board held at such dates and times as are designated by the Board. The following is a listing of officers and their position(s) held as of December 31, 2023:

| <b><u>Name</u></b> | <b><u>Office</u></b>   |
|--------------------|--|
| Douglas G. Wolff   | Chief Executive Officer                                      |
| Caleb I. Brainerd  | Senior Vice President, Chief Financial Officer and Treasurer |
| John F. Guyot      | Senior Vice President, General Counsel and Secretary         |
| Joseph W. Wittrock | Senior Vice President and Chief Investment Officer           |
| Roger S. Offermann | Senior Vice President, Chief Actuary and Chief Product       |

|           |                                      |
|-----------|--------------------------------------|
|           | Officer                              |
| Duc X. Ho | Vice President and Appointed Actuary |

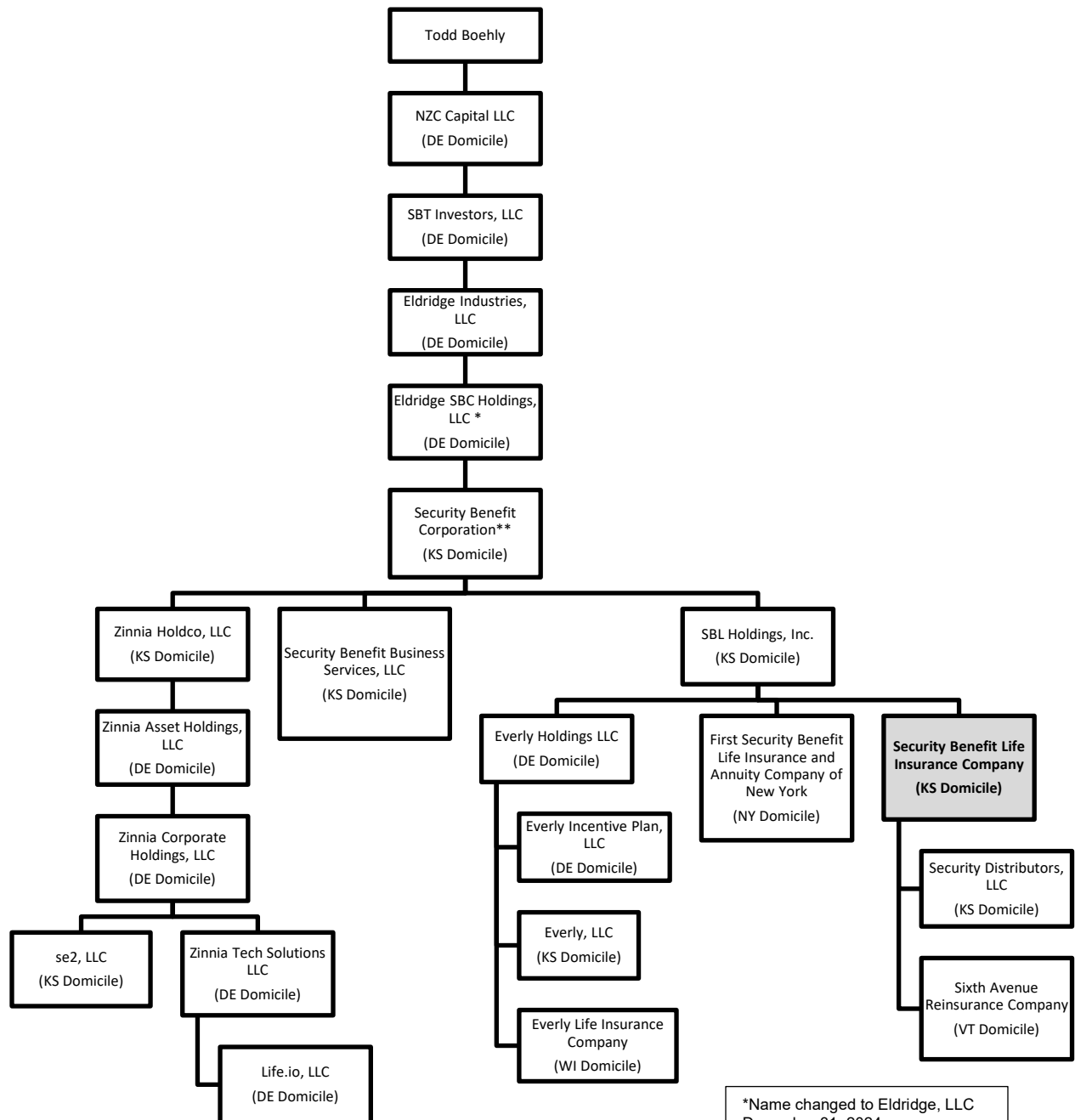
The listing of certain officers and their position(s) held as of May 31, 2025, is included in the Subsequent Events section.

### **INSURANCE HOLDING COMPANY SYSTEM**

K.S.A. 40-3305 requires a domestic insurer that is part of an insurance holding company system to file appropriate registration statements with the Commissioner of Insurance. The Company has submitted Forms “B” and “C” registration statements to the Department for each of the years under examination. A review of the registration statements indicated the agreements pertaining to the Company noted below were properly reported as required by statute.

Mr. Todd Boehly, an individual, is the ultimate controlling person within the holding company system. See the Intercompany/Cost Sharing Agreements section below for a description of significant related party transactions.

The abbreviated organizational chart below illustrates the identities and intercompany relationships among insurance and non-insurance companies and the controlling entities thereof, as of December 31, 2023. Ownership is noted in parentheses and the Kansas domiciled insurer is bolded.



\*Name changed to Eldridge, LLC  
December 31, 2024  
\*\*Name changed to Eldridge  
Wealth Solutions, Inc. December  
31, 2024.

See additional details in the  
Subsequent Events section.

## **Intercompany/Cost Sharing Agreements**

The following is a brief description of significant agreements executed with affiliated entities in effect as of December 31, 2023.

### ***Cost Sharing, Procurement, Disbursement, Billing and Collection Agreement***

*Security Benefit Business Services, LLC (“SBBS”)*: Effective July 1, 2018, SBLIC entered into an Intercompany Services Agreement with its affiliate, SBBS, under which SBBS provides certain management and administrative services to SBLIC. The agreement was approved by the Department on October 19, 2018. SBLIC incurred \$178.4, \$192.5, and \$214.0 million for such services during 2021, 2022 and 2023, respectively. Under this same agreement, SBLIC leases certain office space to SE2 (“SE2”) for which annual rent income of \$2.0 million was recorded in 2023.

*Eldridge Business Services, LLC (“EBS”)*: SBLIC entered into a Second Amended and Restated Services Agreement with EBS with an effective date of November 1, 2020. Under the agreement, EBS provides investment services and business development services related to investment strategy, asset origination, developing new and differentiated products, enhancing existing or developing new marketing and distribution strategies, and assisting in capital planning and rating agency support. During 2021, 2022 and 2023, SBLIC paid EBS \$64.1, \$63.4 and \$83.8 million, respectively, for investment services and \$54.1, \$55.3 and \$56.3 million, respectively, for business development services.

*SE2*: SBLIC entered into a Master Services Agreement (“MSA”) with SE2 under which SE2 provides policy administration and other services to SBLIC. The MSA was approved by the Department on September 1, 2009, and has subsequently been amended a number of times; the most recent amendment was approved on March 3, 2020. During 2021, 2022 and 2023, SBLIC paid SE2 \$19.3, \$19.1 and \$25.0 million, respectively, for services under the MSA.

### **Reinsurance**

See the Reinsurance section of this report for a summary of the reinsurance agreements between SBLIC and its wholly owned subsidiary, SARC, and between SBLIC and its affiliate, FSBL.

### **Investment Management Agreements**

SBLIC entered into a Sourcing and Management Agreement (“SMA”) with Cain International Advisors Limited (“Cain”) effective as of November 1, 2020, under which Cain provides investment management for certain of SBLIC’s assets. During 2021, 2022 and 2023, SBLIC paid Cain \$4.6, \$4.5 and \$7.8 million, respectively, for services under this SMA agreement.

SBLIC entered into an Investment Management Agreement (“IMA”) with Panagram Structured Asset Management, LLC (“Panagram”) effective July 1, 2021, which was approved by the Department on September 16, 2022. Panagram provides investment management for certain of SBL’s assets. During 2022 and 2023, SBLIC paid Panagram \$14.5 and \$9.4 million, respectively, for services under this IMA agreement.

### **Tax Allocation Agreement**

SBLIC and certain affiliates are parties to a Tax Allocation Agreement under which a consolidated tax return is filed for such affiliates, and SBC collects from or refunds taxes to each affiliate as determined in accordance with the method prescribed in the Agreement.

### **Investment Related Transactions**

*Collateral Loans:* As of December 31, 2023, SBLIC reported sixty-eight (68) collateral loans with related parties with a total carrying value of \$11,788.5 million. Interest rates ranged from 6.5% to 16.9% and maturity dates ranged from January 2024 through January 2033. As of December 31, 2023, the Company had the following material collateral loans with affiliates.

| <b>Affiliate</b>         | <b>Book/<br/>Adjusted<br/>Carrying Value<br/>(in 000s)</b> |
|--------------------------|--|
| Stonebriar Holdings, LLC | \$ 561,900   |
| EMH AH, LLC              | 325,000  |

*Short-Term Bonds:* As of December 31, 2023, SBLIC reported twelve (12) short-term promissory notes with related parties with a total carrying value of \$985.7 million. Interest rates ranged from 7.62% to 10.22% and maturity dates ranged from January 2024 through December 2024. As of December 31, 2023, the Company had the following material short-term bond with an affiliate.

| <b>Affiliate</b>   | <b>Book/<br/>Adjusted<br/>Carrying Value<br/>(in 000s)</b> |
|--------------------|--|
| HOLLIDAY PARK, LLC | 372,000  |

*Long-Term Bonds:* As of December 31, 2023, SBLIC reported fourteen (14) long-term promissory notes with affiliated parties with a total carrying value of \$3,127.7 million. Interest rates ranged from 3.99% to 21.47% and maturity dates ranged from December 2024 through December 2049 (excluding one perpetual \$68 million bond). As of December 31, 2023, the Company had the following material long term bonds with affiliates.

| <b>Affiliate</b>        | <b>Book/<br/>Adjusted<br/>Carrying Value<br/>(in 000s)</b> |
|-------------------------|--|
| BH Luxury Residence LLC | \$ 646,775   |
| Oasis BH LLC            | 403,678  |
| Cain RE LLC             | 801,227  |
| Cain PE LLC             | 300,000  |
| Binney Park Capital LLC | 489,134  |

*Affiliated Common Stock:* The Company's investment in SARC reflects a departure from the NAIC statutory accounting practices and procedures (e.g., permitted or prescribed practices).

SARC, with permission from the VDFR, has obtained a permitted practice to account for the excess of loss reinsurance agreement with its reinsurance counterparty as an admitted asset to the extent of the difference between the reserves held by SARC (i.e., those reserves held in the funds withheld account) and those required by statutory accounting principles adopted by the state of Vermont. The following impacts are reflected in the table below:

1. The monetary effect on net income and surplus as a result of using an accounting practice that differs from NAIC statutory accounting practice and procedures;
2. The amount of the investment in the insurance Subsidiary, Controlled and Affiliates ("SCA") per statutory equity; and
3. The amount of the investment in the insurance SCA, had the Company completed its statutory financial statements in accordance with the NAIC Accounting Practices and Procedures Manual.



| Investment<br>in Insurance<br>SCA Entity | Monetary Effect on<br>NAIC SAP<br>(in 000s) |                                   | Amount of Investment<br>(in 000s)  |   |
|--|---|-----------------------------------|------------------------------------|---|
|  | Net Income<br>Increase<br>(Decrease)        | Surplus<br>Increase<br>(Decrease) | Per Audited<br>Statutory<br>Equity | If the Insurance SCA<br>Had Completed<br>Statutory Financial<br>Statements* |
| Sixth Avenue<br>Reinsurance<br>Company   | \$ -  | \$ 585,510                        | \$ 43,415                          | \$ (542,095)  |
|  |   |                                   |                                    |   |

\*Per NAIC *Accounting Practices and Procedures Manual* (without permitted or prescribed practice).

The Risk-Based Capital of SARC would have triggered a regulatory event had it not used the permitted practice.

*Affiliated Collateral Managers:* The Company holds investments, either directly or indirectly, in certain securitizations in which affiliated parties act as collateral managers. The repayment of these investments is dependent upon the performance of the borrowers of the underlying assets held by the securitization vehicle. The borrowers are not affiliated with the Company and the Company does not have recourse to the affiliated collateral manager in the case of non-performance of the unaffiliated borrower. The total carrying value of these investments was \$6,724.6 million as of December 31, 2023.

The affiliated collateral managers earn fees for such services. The Company is not directly liable for such fees, but, insofar as the Company directly or indirectly owns any portion of the most subordinate or residual tranche of a securitization, the Company may be considered to bear a portion of such fees indirectly. The aggregate of such portions of such fees borne by the Company indirectly for periods in which any such manager was an affiliated or related party was \$7.2 million for the year ended December 31, 2023.

*Non-Schedule Y Related Party Investments:* The Company reported the following

material outstanding balances with non-Schedule Y related party entities as of December 31, 2023.

| <b>Non-Schedule Y Related Party</b> | <b>Book/<br/>Adjusted<br/>Carrying Value<br/>(in 000s)</b> |
|-------------------------------------|--|
| LAISAH, LLC                         | \$ 580,106   |

### **TERRITORY AND PLAN OF OPERATION**

As of December 31, 2023, the Company is authorized to transact business in forty-nine (49) states (excluding New York) and the District of Columbia. The NAIC Schedule T Exceptions Report was reviewed for each of the states where the Company is licensed. No exceptions were noted.

The top three (3) states where the Company wrote direct written premiums as of December 31, 2023, were California 9.9%, Pennsylvania 8.3%, and Florida 7.2%.

As of December 31, 2023, the Company's largest lines of direct written premium were Individual Annuities 99.0%, Group Annuities 0.7%, and Individual Life 0.3%.

The Company also maintains multiple separate accounts for the benefit of its variable life, variable annuity and certain fixed annuity contract holders, and certain funding agreements. The separate accounts were established in conformity with K.S.A. 40-436. Under the applicable insurance law, the assets and liabilities of the separate accounts were distinguished from the Company's other assets and liabilities.

### **SELECT FINANCIAL INFORMATION**

The exhibit below shows the Company's financial results for the period of December 31, 2021, through December 31, 2023. The financial amounts were obtained from annual statements filed by the Company.

|                        | <b><u>2021</u></b> | <b><u>2022</u></b> | <b><u>2023</u></b> |
|------------------------|--------------------|--------------------|--------------------|
| <i>(\$000 omitted)</i> |                    |                    |                    |

|                              |              |              |              |
|------------------------------|--------------|--------------|--------------|
| Admitted Assets <sup>2</sup> | \$46,517,419 | \$49,491,016 | \$53,590,941 |
| Liabilities <sup>2</sup>     | 42,081,154   | 44,344,879   | 47,661,518   |
| Capital and Surplus          | 4,436,265    | 5,146,137    | 5,929,423    |
| Net Income (Loss)            | 987,840      | 358,002      | 1,202,451    |
| Net Premium Written          | (854,973)    | 3,461,654    | 4,237,093    |

## **REINSURANCE**

### **General**

The Company's premium activity on a direct written, assumed, and ceded basis for the period under examination is detailed below:

*(\$000s omitted)*

| <b>Premium Type</b>         | <b>2021</b>         | <b>2022</b>         | <b>2023</b>         |
|-----------------------------|---------------------|---------------------|---------------------|
| Direct Premiums Written     | \$ 3,887,320        | \$ 4,758,305        | \$ 6,739,276        |
| Reinsurance Assumed         | 260,588             | 20,534              | 14,754              |
| Reinsurance Ceded:          | (5,002,881)         | (1,317,185)         | (2,516,936)         |
| <b>Net Premiums Written</b> | <b>\$ (854,973)</b> | <b>\$ 3,461,654</b> | <b>\$ 4,237,094</b> |

All reinsurance agreements in effect during the examination contained insolvency and cancellation clauses as required by K.S.A. 40-221a. All reinsurance agreements reviewed appear to provide for the transfer of risk; however, the Company is contingently liable for all reinsurance losses ceded to others in the event an assuming reinsurer fails to perform its obligations under the reinsurance contract. The following is a summary of significant reinsurance agreements in force as of the examination date.

### **Assumed Reinsurance**

#### **Affiliated**

Effective October 1, 2004, the Company entered into a 100% coinsurance agreement with its affiliate, FSBL. Under this contract, the Company assumes the insurance risk of certain living benefit riders issued by FSBL on its variable annuity policies, namely the Guarantee Minimum Income Benefit and Guaranteed Minimum Withdrawal Benefit riders. As of December 31, 2023, the Company maintained \$0.25

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<sup>2</sup> Including Separate Accounts.

million in assumed reserves.

### **Non-Affiliated**

Effective December 31, 2021, the Company entered into a coinsurance with funds withheld agreement with National Guardian Life Insurance Company covering a block of life and annuity business. As of December 31, 2023, the Company reported \$292.6 million in assumed reserves pursuant to this contract.

In 2000, SBL was selected by the National Education Association (“NEA”) to become the exclusive provider of annuities, mutual funds and other retirement products to NEA members under the NEA’s Valuebuilder program. In connection with such selection, an existing block of Valuebuilder business was assumed by the Company from Nationwide Life Insurance Company, effective July 1, 2000, amounting to 57,000 accounts and \$860.0 million in assets. As of December 31, 2023, the Company maintained \$82.4 million in assumed reserves on a coinsurance basis and \$351.9 million in assumed reserves on a modified coinsurance basis for this book of business.

Effective December 31, 2003, the Company entered into a 100% modified coinsurance agreement with United of Omaha Life Insurance Company (“UOLIC”) and Companion Life Insurance Company of New York (“CLICNY”). Under this contract, the Company assumed \$86.0 million of fixed annuity and life contracts on a 100% coinsurance basis and \$648.0 million of variable annuity and life insurance on a 100% modified coinsurance basis. As of December 31, 2023, the Company maintained \$30.0 million in assumed reserves on a coinsurance basis and \$142.6 million in modified coinsurance reserves on business assumed from UOLIC and \$1.1 million in reserves and \$3.8 million in modified coinsurance reserves on business assumed from CLICNY.

### **Ceded Reinsurance**

#### **Affiliated**

Effective January 1, 2018, SBLIC entered into a 100% coinsurance agreement

with its wholly owned affiliate, SARC, whereby the Company cedes 100% of the payment obligation under guaranteed lifetime withdrawal benefits (“GLWB”) provided under certain of its annuity contracts, typically through an optional rider. SARC's obligation under the reinsurance agreement is to make GLWB payments when the account value of the corresponding annuity contract under which the GLWB rider was issued is reduced to zero (0). Reserve credits taken are secured by a funds withheld liability recorded by the Company and an excess of loss reinsurance agreement between SARC and a United States domiciled professional reinsurance company which represents a form of security acceptable to the Commissioner. As of December 31, 2023, the ceded reserves amounted to \$587.6 million with \$99.3 million in funds withheld. During the second quarter of 2020, the Company stopped offering GLWB riders on substantially all products, including all products subject to this reinsurance agreement.

#### *Non-Affiliated*

During the current examination period, SBLIC reported one (1) significant new reinsurance arrangement. This involved a transaction effective December 23, 2021, whereby SBLIC entered into an arrangement with SkyRidge Re Limited (“SkyRidge”), a newly established, Bermuda-domiciled insurer. The purpose of the agreement provides for SkyRidge to reinsure approximately \$3 billion of existing SBLIC fixed annuity (“FA”) and fixed indexed annuity (“FIA”) liabilities in force at November 30, 2021, plus a 50% share of new FA and FIA new business written in the years 2021 to 2023. At the examination date, the reserve credit claimed by the Company of \$7.3 billion is offset through a funds withheld balance of \$7.8 billion.

Effective December 31, 2012, the Company entered into a 100% coinsurance agreement with Heritage Life Insurance Company whereby the Company ceded 100% of annuity contracts issued by the Company on contract forms described in the agreement. Pursuant to the agreement, the Company ceded \$1,691.0 million in reserves and

\$1,645.3 million in premium in 2012. As of December 31, 2023, the ceded reserves amounted to \$546.1 million and \$4.6 million in premiums.

On August 1, 2012, the Company entered into an indemnity retrocession agreement with Guggenheim Life and Annuity Company ("GLAC"), a former affiliate, whereby GLAC reinsured the individual fixed annuity contracts the Company originally assumed from Industrial Alliance Insurance and Financial Services, Inc. Under the retrocession agreement, the Company recorded, as of December 31, 2023, \$306.1 million in ceded reserves with \$110.6 million in funds withheld. GLAC has been renamed Clear Spring Life and Annuity Company (May 2022). Clear Spring Life and Annuity Company is a subsidiary of Group 1001 Insurance Holdings, LLC.

Effective October 1, 2007, the Company entered into a modified coinsurance reinsurance agreement with Union Hamilton Reinsurance Ltd., whereby it ceded 85% of its AdvisorDesigns Separate Account products which included variable annuities and riders. The reinsurer is unauthorized, and a trust for the sole benefit of the Company was established. As of December 31, 2023, the ceded reserves on this book of business were \$50.3 million, with a modified coinsurance ceded reserve of \$114.1 million.

In 1995 and 1997, the Company entered into 100% coinsurance treaties with Liberty National Life Insurance Company and Kansas City Life Insurance Company, respectively, to cede its remaining blocks of ordinary life insurance. As of December 31, 2023, the ceded reserves on these books of business were \$447.0 million and \$128.3 million, respectively.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2023. There were no adjustments to the Company's filed statutory financial statements as a result of this examination. The failure

of any column of numbers to add to its respective total is due to rounding or truncation.

**SECURITY BENEFIT LIFE INSURANCE COMPANY**  
**STATEMENT OF ASSETS**  
**AS OF DECEMBER 31, 2023**

|   | Assets                  | Assets<br>Nonadmitted | Net Admitted<br>Assets  |
|---|-------------------------|-----------------------|-------------------------|
| Bonds   | \$27,326,133,997        | \$ -                  | \$27,326,133,997        |
| Preferred stocks  | 417,722,781             | -                     | 417,722,781             |
| Common stocks   | 146,116,918             | -                     | 146,116,918             |
| Mortgage loans on real estate-First liens   | 790,468,485             | -                     | 790,468,485             |
| Real estate-properties occupied by Company  | 25,879,177              | -                     | 25,879,177              |
| Cash and cash equivalent  | 2,616,320,455           | -                     | 2,616,320,455           |
| Contract loans  | 45,185,593              | -                     | 45,185,593              |
| Derivatives   | 552,865,836             | 5,667,529             | 547,198,307             |
| Other invested assets   | 14,091,844,910          | 2,281,712             | 14,089,563,198          |
| Receivables for securities  | 101,088,351             | -                     | 101,088,351             |
| Cash collateral pledged on derivatives  | 80,588,538              | -                     | 80,588,538              |
| Investment income due and accrued   | 705,137,925             | -                     | 705,137,925             |
| Uncollected premiums and agent's balances<br>in the course of collection                        | 106,521                 | -                     | 106,521                 |
| Deferred premiums, agents' balances and<br>installments booked but deferred and not<br>yet due  | 1,840,620               | -                     | 1,840,620               |
| Funds held by or deposited with reinsured<br>companies  | 271,319,230             | -                     | 271,319,230             |
| Other amounts receivable under reinsurance<br>contracts   | 12,238,836              | -                     | 12,238,836              |
| Current federal and foreign income tax<br>recoverable and interest thereon                      | 47,665,651              | -                     | 47,665,651              |
| Net deferred tax asset  | 312,659,194             | 17,903,966            | 294,755,228             |
| Guaranty funds receivable or on deposit   | 15,381                  | -                     | 15,381                  |
| Electronic data processing equipment and<br>software  | 278,424                 | -                     | 278,424                 |
| Furniture and equipment, including health<br>care delivery assets                               | 77,442                  | 77,442                | -                       |
| Receivables from parent, subsidiaries and<br>affiliates   | 4,994,658               | -                     | 4,994,658               |
| Aggregate write-ins for other-than invested<br>assets   | 85,965,417              | 8,367,909             | 77,597,508              |
| Total assets excluding Separate Accounts,<br>Segregated Accounts and Protected Cell<br>Accounts | 47,636,514,340          | 34,298,558            | 47,602,215,782          |
| From Separate Accounts, Segregated<br>Accounts and Protected Cell Accounts                      | 5,988,725,615           | -                     | 5,988,725,615           |
|   | <u>\$53,625,239,955</u> | <u>\$34,298,558</u>   | <u>\$53,590,941,397</u> |



**SECURITY BENEFIT LIFE INSURANCE COMPANY**  
**STATEMENT OF LIABILITIES AND SURPLUS**  
**AS OF DECEMBER 31, 2023**

|  |                         |
|--|-------------------------|
| Aggregate reserves for life contracts  | \$29,408,581,639        |
| Aggregate reserves for accident and health contracts   | 222,843                 |
| Liability for deposit-type contracts   | 1,062,897,158           |
| Contract claims:   |                         |
| Life   | 2,618,322               |
| Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year-estimated amounts:                             |                         |
| Policyholders' dividends and refunds to members apportioned for payment  | 76,000                  |
| Premiums and annuity considerations for life and accident and health contracts received in advance less discount; including accident and health premiums | 92,741                  |
| Contract liabilities not included elsewhere:   |                         |
| Other amounts payable on reinsurance including assumed and ceded   | 7,784,947               |
| Interest Maintenance Reserve   | 140,384,114             |
| Commissions to agents due or accrued-life and annuity contracts, accident and health, and deposit-type contract funds                                    | 10,956,357              |
| Commissions and expense allowances payable on reinsurance assumed  | 8,953                   |
| Transfers to Separate Accounts due or accrued (net)  | (10,816,270)            |
| Taxes, licenses and fees due or accrued excluding federal income taxes   | 2,468,526               |
| Unearned investment income   | 135,484                 |
| Amounts withheld or retained by reporting entity as agent or trustee   | 656,506,105             |
| Remittances and items not allocated  | 53,921,196              |
| Miscellaneous liabilities:   |                         |
| Asset valuation reserve  | 944,907,473             |
| Funds held under reinsurance treaties with unauthorized and certified reinsurers   | 7,900,180,805           |
| Payable to parent, subsidiaries and affiliates   | 21,118,258              |
| Funds held under coinsurance   | 110,457,657             |
| Derivatives  | 4,068,969               |
| Payable for securities   | 48,421,928              |
| Miscellaneous liabilities  | 260,301,873             |
| Repurchase agreements  | 1,012,497,489           |
| Sixth Avenue Capital Contribution Payable  | 35,000,000              |
| Total liabilities excluding Separate Accounts business   | \$41,672,792,567        |
| From Separate Accounts Statement   | \$5,988,725,615         |
| Total Liabilities  | 47,661,518,182          |
| Common capital stock   | \$7,000,130             |
| Surplus notes  | 99,924,666              |
| Gross paid in and contributed surplus  | 3,551,895,591           |
| Aggregate write-ins for special surplus funds  | 900,000                 |
| Unassigned funds (surplus)   | 2,269,702,958           |
| Less treasury stock, at cost: shares common  | 130                     |
| Surplus  | \$5,922,423,085         |
| Totals   | \$5,929,423,215         |
| Total of liabilities, surplus and other funds  | <u>\$53,590,941,397</u> |

**SECURITY BENEFIT LIFE INSURANCE COMPANY**  
**SUMMARY OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

|   |                               |
|---|-------------------------------|
| Premiums and annuity considerations for life and accident and health contracts  | \$4,237,093,638               |
| Considerations for supplementary contracts with life contingencies  | 1,031                         |
| Net investment income   | 2,624,855,244                 |
| Amortization of interest maintenance reserve  | 26,331,283                    |
| Commissions and expense allowances on reinsurance ceded   | 212,151,819                   |
| Miscellaneous Income:   |                               |
| Income from fees associated with investment management, administration and contract guarantees from Separate Accounts                               | 46,737,879                    |
| Fixed Index Annuity Rider Fee Income  | 204,707,070                   |
| Fund Revenue Sharing Fee Income   | 8,211,506                     |
| Administrative Fee Income   | 5,044,407                     |
| Surrender Fee Income  | 26,920,550                    |
| Miscellaneous Income  | 180,099,484                   |
| Total   | <u>\$7,572,153,911</u>        |
| Death benefits  | \$12,913,168                  |
| Annuity benefits  | 439,850,947                   |
| Disability benefits and benefits under accident and health contracts  | 208,345                       |
| Surrender benefits and withdrawals for life contracts   | 3,961,725,210                 |
| Interest and adjustments on contract or deposit-type contract funds   | 32,927,590                    |
| Increase in aggregate reserves for life and accident and health contracts   | 1,001,854,699                 |
| Total   | <u>\$5,449,479,959</u>        |
| Commissions on premiums, annuity considerations, and deposit-type contract funds  | 548,047,787                   |
| Commissions and expense allowances on reinsurance assumed   | 3,485,606                     |
| General insurance expenses and fraternal expenses   | 263,433,780                   |
| Insurance taxes, licenses and fees, excluding federal income taxes  | 10,006,385                    |
| Increase in loading on deferred and uncollected premiums  | (95,834)                      |
| Net transfers to or (from) Separate Accounts net of reinsurance   | (291,700,302)                 |
| Miscellaneous Benefits  | 53,898,828                    |
| Transfer of IMR due to Reinsurance  | 6,451,911                     |
| Option Amortization   | 87,084,065                    |
| Total   | <u>\$6,130,092,185</u>        |
| Net gain from operations before dividends to policyholders, refunds to members and federal income taxes   | 1,442,061,726                 |
| Dividends to policyholders and refunds to members   | 338,909                       |
| Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes                                       | <u>\$1,441,722,817</u>        |
| Federal and foreign income taxes incurred   | 285,319,792                   |
| Net gain from operation after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) | <u>\$1,156,403,025</u>        |
| Net realized capital gains (losses)   | 46,048,130                    |
| Net income  | <u><u>\$1,202,451,155</u></u> |

**SECURITY BENEFIT LIFE INSURANCE COMPANY**  
**CAPITAL AND SURPLUS ACCOUNT**  
**RECONCILIATION OF CAPITAL AND SURPLUS SINCE LAST EXAMINATION**

|  | 2021                   | 2022                   | 2023                   |
|--|------------------------|------------------------|------------------------|
| Surplus as regards policyholders, December 31 prior year                           | \$3,509,687,887        | \$4,436,265,104        | \$5,146,137,194        |
| Net income (loss)  | 987,840,162            | 358,001,738            | 1,202,451,155          |
| Change in net unrealized capital gains or (losses)                                 | 185,110,031            | (254,891,982)          | (132,154,853)          |
| Change in net unrealized foreign exchange capital gain (loss)                      | (3,039,200)            | 95,526,992             | (85,884,619)           |
| Change in net deferred income tax  | (36,028,245)           | 119,568,618            | 19,414,525             |
| Change in nonadmitted assets   | (60,258,610)           | 41,643,629             | 2,813,044              |
| Change in reserve on account of change in valuations basis, (increase) or decrease | (220,227,906)          | -                      | -                      |
| Change in asset valuation reserve  | (476,916,166)          | 44,709,737             | 131,811,558            |
| Change in surplus notes  | 7,534                  | 7,533                  | 7,533                  |
| Cumulative effect of changes in accounting principles                              | -                      | (24,521,854)           | -                      |
| Surplus adjustment:  | -                      | -                      | -                      |
| Paid in  | 500,000,000            | 435,000,000            | -                      |
| Change in surplus as a result of reinsurance                                       | 50,089,617             | (5,172,321)            | (5,172,322)            |
| Dividends to stockholders  | -                      | (100,000,000)          | (350,000,000)          |
| Surplus as regards policyholders, December 31 current year                         | <u>\$4,436,265,104</u> | <u>\$5,146,137,194</u> | <u>\$5,929,423,215</u> |

## **ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS**

No adjustments were made to surplus as a result of this examination. The capital and surplus of the Company as of December 31, 2023, of \$5,929,423,215, was the same amount reported by the Company in its 2023 filed Annual Statement.

## **COMMENTS ON FINANCIAL STATEMENTS**

There were no significant or material findings resulting from the examination that warranted inclusion in this Report on Examination.

## **SUBSEQUENT EVENTS**

1) Entity name changes:

SBC changed its name to Eldridge Wealth Solutions, Inc. ("EWS") on December 20, 2024.

Eldridge SBC Holdings, LLC changed its name to Eldridge, LLC on December 31, 2024.

2) The Board members of the Company elected and serving as of May 31, 2025, were as follows:

| <b><u>Name</u></b> | <b><u>Principal Occupation and Business Affiliation</u></b>    |
|--------------------|--|
| Douglas G. Wolff   | Board Chair, Chief Executive Officer                           |
| John F. Guyot      | Senior Vice President, Chief Legal Officer                     |
| Rui Guo            | Senior Vice President, Chief Actuary and Chief Product Officer |
| Brian Beckett      | Senior Vice President, Chief Financial Officer                 |
| Joseph W. Wittrock | Senior Vice President and Chief Investment Officer             |

3) The following is a listing of certain officers and their position(s) held as of May 31, 2025:

| <b><u>Name</u></b> | <b><u>Office</u></b>    |
|--------------------|-------------------------|
| Douglas G. Wolff   | Chief Executive Officer |

|                    |  |
|--------------------|--|
| Brian Beckett      | Senior Vice President, Chief Financial Officer                 |
| John F. Guyot      | Senior Vice President, Chief Legal Officer                     |
| Justin Carroll     | Senior Vice President, General Counsel and Secretary           |
| Joseph W. Wittrock | Senior Vice President and Chief Investment Officer             |
| Rui Guo            | Senior Vice President, Chief Actuary and Chief Product Officer |
| Duc X. Ho          | Vice President and Appointed Actuary                           |

4) The Investment Committee (the “Committee”) is a standing committee appointed by the Board of Directors (the “Board”) of SBLIC to assist the Board in fulfilling its obligations under Kansas insurance statutes relative to investments by the Company.

The Corporate Responsibility (“CR”) committee (formerly the Environmental, Social and Governance or ESG Committee) is a standing committee established by the Board of SBLIC to provide oversight of the development and maintenance of a CR program (the “Program”) for the Company. The purpose of the Program is to (1) help ensure Company preparedness for, and compliance with, known and anticipated legislative and regulatory (global, U.S. and state/local) CR requirements, as well as relevant market-driven expectations from investors and other appropriate constituencies, stakeholders and communities across the CR landscape, and (2) evaluate CR risks and opportunities (including sustainability and relevant climate change-related items) that could reasonably be expected to affect the Company’s business activities, performance and reputation.

The established committees and the members elected and serving as of May 31, 2025, were as follows:

**Corporate Responsibility Committee    Investment Committee**

Brian Beckett  
Justin Carroll  
Melinda Lebofsky

Brian Beckett  
Rui Guo  
Joseph W. Wittrock

Douglas G. Wolff

The Audit Committee of EWS serves as the Audit Committee for SBLIC. It is chaired by EWS's independent Board member, Wayne Diviney, who is the sole member of the committee. Mr. Diviney is the Chief Financial Officer and Managing Member of The Sail Time Group, LLC.

### **SUMMARY OF RECOMMENDATIONS**

There were no recommendations made during the examination that warranted inclusion in this Report on Examination.

## **CONCLUSION**

The assistance and cooperation by the officers of the Company during this examination is hereby acknowledged and appreciated. In addition to the undersigned, Jim Hattaway, CFE, CIE, AMCM, ARC, CIA, Examination Supervisor; Joseph DeVries, CFE, CPA, Examiner; Matthew Jones, CFE, Examiner; Charles Kreske, CFE, Examiner; Melissa Greiner, Actuarial Liaison; Stefan Obereichholz-Bangert, AES, CISA, CISM, CDPSE, IT Specialist; Michael Nadeau, AES, CISA, IT Examiner; Justin Schrader, CFE, Investments Liaison; Jim Ryan, CFE, CPA, ARA, ARe, Reinsurance Specialist, all of whom are Noble Consulting Services, Inc. associates; Eric Del Monaco, Investment Specialist, EDM Research LLC; Randall Stevenson, FCA, ASA MAAA, MSc, Actuarial Specialist, Davies North America.

Respectfully submitted,

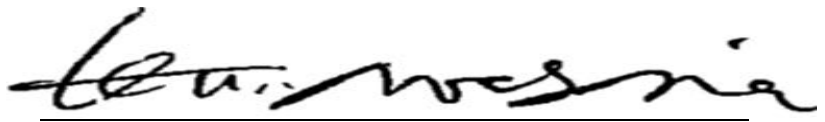


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Brad Neff, CPA, CFE  
Examiner-in-Charge  
Noble Consulting Services, Inc.,  
representing the Kansas Department of  
Insurance

## **SUPERVISION**

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Handbook has been confirmed except where practices, procedures and applicable regulations of the Department and statutes of the State of Kansas prevailed.

A handwritten signature in black ink, reading "Levi Nwasoria", written over a horizontal line.

Levi Nwasoria, CPA, CFE  
Chief Examiner  
Kansas Department of Insurance



**EXHIBIT S**  
**EXAMINER'S AFFIDAVIT AS TO STANDARDS AND**  
**PROCEDURES USED IN AN EXAMINATION**

State of Indiana,

County of Hamilton,

Brad Neff, being duly sworn, states as follows:

1. I have authority to represent the Kansas Insurance Department in the examination of Security Benefit Life Insurance Company.
2. The Kansas Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Security Benefit Life Insurance Company was performed in a manner consistent with the standards and procedures required by K.S.A. 40-222.

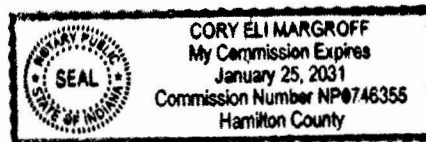
The affiant says nothing further.

Brad Neff  
Examiner's Signature

Subscribed and sworn before me by Brad Neff on this 30<sup>th</sup> day of June, 2025.

(SEAL)

[Signature]  
Notary Public



My commission expires 01/25/2031 [date].