

REPORT ON EXAMINATION
OF
UNION FIDELITY LIFE INSURANCE COMPANY
7101 COLLEGE BOULEVARD, SUITE 1400
OVERLAND PARK, KANSAS 66210
AS OF
DECEMBER 31, 2017

FILED

JUN 28 2019

VICKI SCHMIDT
Commissioner of Insurance

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Overland Park, Kansas
May 1, 2019

Honorable Vicki Schmidt
Commissioner of Insurance
Kansas Insurance Department
420 SW 9th Street
Topeka, Kansas 66612-1678

Dear Commissioner:

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

UNION FIDELITY LIFE INSURANCE COMPANY

with its statutory home office and main administrative office at:

**7101 COLLEGE BOULEVARD, SUITE 1400
OVERLAND PARK, KANSAS 66210**

hereinafter referred to as “the Company” or “UFLIC”. The following report on such examination is respectfully submitted.

SCOPE OF EXAMINATION

The examiners have performed a multi-state financial examination of Union Fidelity Life Insurance Company, a Kansas domiciled life and health insurance company. The last examination covered the four-year period from January 1, 2009, through December 31, 2012. This examination covers the five-year period from January 1, 2013, through December 31, 2017.

The Company is part of the North American Life and Health (“NALH”) business unit, which consists of Kansas domiciled insurers, Employers Reassurance Corporation (“ERAC”) and Heritage Casualty Insurance Company (“HCIC”), as well as their non-

insurance subsidiaries. The Examination Reports for the insurers, ERAC and HCIC will be issued under separate covers.

The examination was conducted in accordance with the rules, regulations and directives of the Kansas 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. 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 K.S.A. 40-222, *Examination of condition of company*, 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 KPMG, LLP for the years ending December 31, 2013, through December 31, 2017. In each of the years under examination, the auditors concluded that the financial statements present fairly, in all material respects, the admitted assets, liabilities and policyholders' surplus of the Company and the results of its operations and its cash flows for the years then ended in accordance with the accounting practices prescribed or permitted by the Kansas Insurance Department.

The independent auditor's work papers were reviewed and analyzed by the examiners, whereby, significant reliance was placed on select work papers during the course of this examination.

SUMMARY OF SIGNIFICANT FINDINGS

No significant findings were noted during the course of the examination.

COMPANY HISTORY

UFLIC was incorporated in Ohio on September 2, 1925, as a legal reserve life insurance company under the name The Credit Life Insurance Company. In September 1990, the Company was acquired by Combined Insurance Company of America.

Effective July 23, 1992, the Company re-domesticated from Ohio to Illinois. Effective September 15, 1993, an affiliated company, Union Fidelity Life Insurance Company was merged into the Company with the name of the successor being Union Fidelity Life Insurance Company. On April 1, 1996, General Electric Capital Corporation ("GECC") purchased 100% of the outstanding capital stock of UFLIC. Effective December

31, 1996, GECC contributed UFLIC's capital stock to GE Financial Assurance Holdings, Inc. ("GEFA") (formerly GE Life Insurance Group), a direct subsidiary of GECC.

On January 1, 1999, 66,924 shares or 12.7% of UFLIC common stock were issued to Federal Home Life Insurance Company ("FHL"), an affiliate and an indirect subsidiary of GEFA, as part of the merger of PHF Life Insurance Company ("PHF"), FHL's subsidiary, into UFLIC.

On July 30, 1999, Montgomery Ward Life Insurance Company and The Signature Life Insurance Company were merged with and into UFLIC.

On December 31, 1999, GEFA contributed 87.3% of the outstanding capital stock of UFLIC to GNA Corporation, which immediately contributed the outstanding capital stock to its direct subsidiary, General Electric Capital Assurance Company ("GECA").

General Electric Company ("GE"), the Company's ultimate parent, reorganized its insurance operations in 2004 in accordance with their determination to discontinue their insurance business. As a result of this decision, certain reinsurance transactions were entered into and the following changes in the Company's ownership occurred. On April 15, 2004, 100% of UFLIC's stock was transferred from FHL (12.7%) and GECA (87.3%) as a dividend to GEFA.

On May 21, 2004, the Company became a direct wholly owned subsidiary of General Electric Capital Services, Inc. ("GECS") following the dividend payment of 100% of the Company's outstanding common stock by GEFA to its sole shareholder GEI, Inc. ("GEI") and GEI's subsequent sale of UFLIC's common stock to GECS.

On December 31, 2007, UFLIC was contributed by GECS to one of its subsidiaries, ERAC; a Kansas domiciled insurance company. GECS, later merged with and into GECC

which is now known as GE Capital U.S. Holding, Inc. (“GECUSH”), a direct, wholly owned subsidiary of GE Capital Global Holdings, LLC (“GECGH”), which is a subsidiary of GE.

On December 31, 2011, the Company re-domesticated from Illinois to Kansas.

Capital Stock

As of December 31, 2017, the authorized number of common stock shares was 1,000,000 with 527,959 shares having been issued and outstanding. The par value of the stock was \$5.50 per share, bringing the Company's total paid-up capital stock to \$2,903,775. No preferred stock is authorized. As of December 31, 2017, 100% of the Company's stock was owned by ERAC, which is owned by GECUSH, a subsidiary of GE.

Dividends and Capital Contributions

The Company did not pay any dividends during the examination period. On December 5, 2013, the Company received a cash dividend of \$6.60 million from HCIC. On December 29, 2014, the Company received a cash capital contribution of \$250million from its parent, ERAC. On June 9, 2016, the Company received a cash capital contribution of \$150 million from ERAC. On November 15, 2016, the Company received a \$184.32 million capital contribution from ERAC, in the form of noncash investment securities. On November 17, 2016, the Company received a \$50 million cash dividend from HCIC.

As described in Subsequent Events section of this report, the Company reported a cash capital contribution of \$1 billion from ERAC in the financial statements as of December 31, 2017, reported as a receivable from parent, subsidiaries, or affiliates. The cash was subsequently received on February 21, 2018.

MANAGEMENT AND CONTROL

The minutes of the meeting of the stockholder and the board of directors (“Board”) adequately approved and supported the Company’s transactions and events. Minutes of the various committees were reviewed for decisions made or actions taken on behalf of the Company.

Board of Directors

The Company’s bylaws consist of eleven (11) articles that provide the framework for the operation, management and control of the life and health insurance company. The Company is controlled by its shareholder and managed by its Board. The Board consist of no less than (5), but no more than (11) directors. Directors are elected annually by the shareholder to serve a one (1) year term or until a successor has been duly elected and qualified, unless such director has been sooner removed, has been disqualified or resigned.

The Company’s directors as of December 31, 2017 were as follows:

<u>Director’s Name</u>	<u>Position</u>
Ronald D. Peters	Chairman, President & Chief Executive Officer
Brian D. Connor	Chief Information Officer
Irwin L. Don	Chief Operating Officer
Dale E. Filsinger	Chief Risk Officer
Clark A. Ramsey	Chief Actuary
William J. Steilen	Chief Financial Officer
Ryan A. Zanin	GE Capital Chief Risk Officer, President & Chief Executive Officer, Restructuring & Strategic Ventures Group

In addition to the Board of Directors, committees also provided oversight of the operations of the Company. In 2017, the Board decommissioned the Risk Management Committee and its subcommittees and replaced them with four new board committees. The Board functions as the Risk Management Committee and has delegated the

oversight of the respective business activities to the four new board committees (Investment, Compliance, Operation & Digital (“COD”), Insurance Liability, Capital Planning).

The Capital Planning Committee will provide oversight over the capital levels of the NALH while the COD Committee is charged with identifying and monitoring their processes, which mitigate compliance, digital, and operational risks. The Investment Committee provides supervising and oversight of the NALH investment and related activities. The Insurance Liability Committee provides oversight of the NALH insurance liabilities and related activities.

Officers

The bylaws stipulate the officers of the Company shall be a chairman of the board, president, secretary, treasurer, and any other officers as deemed necessary, all of whom shall be elected annually at the first regular meeting of the Board. The chairman of the board and the president shall be elected from the membership of the Board. One person may hold multiple offices, except no one person may hold the office of both president and secretary. The Board may leave any office unfilled except that of the president, treasurer and secretary.

The officers listed below were serving in their designated capacity as of December 31, 2017:

<u>Officer's Name</u>	<u>Position</u>
Ronald D. Peters	Chairman, President & Chief Executive Officer
Charlene R. Buenger	Controller & Assistant Treasurer
Brian D. Connor	Chief Information Officer
Kevin A. Darter	Long Term Care Operations Officer
Irwin L. Don	Chief Operating Officer
Dale E. Filsinger	Chief Risk Officer
Jane B. Kipper	Treasurer

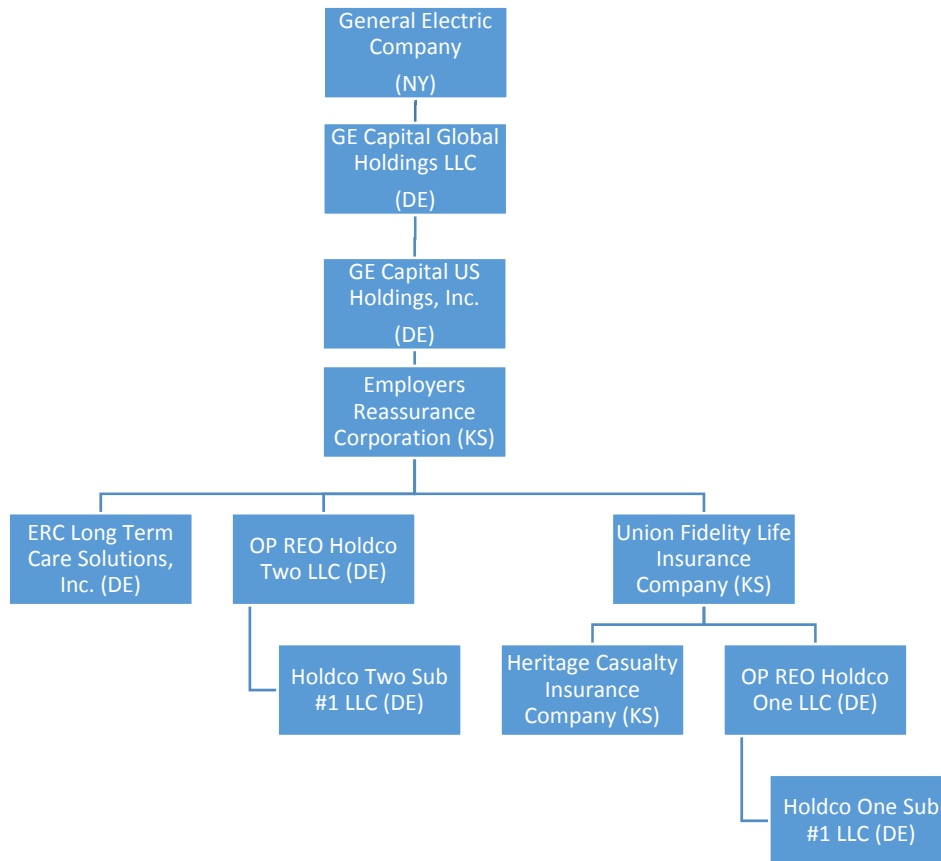
Nancy M. Liu
Clark A. Ramsey
Kathleen A. Russell
William J. Steilen

Assistant Secretary
Chief Actuary
General Counsel & Secretary
Chief Financial Officer

INSURANCE HOLDING COMPANY SYSTEM

K.S.A. 40-3301, et seq. - *Insurance Holding Companies*, 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 Form “B” and “C” registration statements to the Kansas Insurance Department for each of the years under examination. A review of the registration statements indicated that the Company is properly reporting items and events as required by statute.

The organizational chart below illustrates the identities and intercompany relationships among insurance and non-insurance companies and the controlling entities thereof, as of December 31, 2017.



Intercompany/Cost Sharing Agreements

Management Services Agreement

Effective December 15, 2004, the Company is party to a Management Services Agreement (“MSA”) with ERAC, pursuant to which ERAC provides certain administrative and support services to the Company.

Administrative Services Agreement

Effective April 15, 2004, the Company is party to an Administrative Services Agreement with GECUSH, pursuant to which GECUSH acts as the paying agent and performs certain other administrative services relating to the derivatives transactions entered into by the Company.

Capital Maintenance Agreement

The Company is a party to a Capital Maintenance Agreement and a Supplemental Capital Maintenance Agreement with GE whereby GE will maintain the Company's minimum capital at 150% of its Company Action Level risk based capital requirements, as defined from time to time by the NAIC.

Tax Allocation Agreement

ERAC, UFLIC and HCIC, together with their U.S. affiliates (as defined in the U.S. Tax Code), are included in the consolidated federal income tax return filed by the ultimate controlling entity, GE. The Company is subject to the income tax sharing arrangement among GE and its various subsidiaries. The method of income tax allocation is generally based upon separate return liabilities, including recognition of the benefits of losses and credits that will or could be utilized in the group's consolidated income tax return. Intercompany balances are settled periodically with a final true-up after filing of the federal income tax return.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2017, the Company was authorized to transact business in all states and the District of Columbia, except New York.

UFLIC is authorized to write life and accident and health insurance. The Company's has written business lines consisting of ordinary life, term life, accidental death and dismemberment, accident, specified disease and Medicare supplement. UFLIC is no longer writing new reinsurance treaties and its in-force reinsurance treaties are closed to accepting new business.

UFLIC's remaining business consist of direct written and, reinsured portfolios of variable annuities, structured settlements and long-term care.

SELECT FINANCIAL INFORMATION

The exhibit below shows the select financial information of the Company (in millions) for the period of December 31, 2013, through December 31, 2017. The financial amounts were obtained from annual statements filed by the Company.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<i>(in millions)</i>					
Admitted Assets	19,511	19,674	19,365	19,644	20,435
Liabilities	18,941	19,155	18,937	18,879	19,899
Capital and Surplus	569	518	428	766	537
Net Cash from Operations	(29)	(65)	(133)	(119)	(40)
Net Income	6	(281)	(61)	(65)	(1,210)
Net Premiums Earned	306	286	276	266	264

REINSURANCE

The majority of the business assumed by UFLIC is from Genworth Life Insurance Company of New York (“GLICNY”), Genworth Life and Annuity Insurance Company (“GLAIC”) and Genworth Life Insurance Company (“GLIC”). The reinsurance agreements with these companies were executed in connection with the GE reorganization of its insurance business in 2004 and in conjunction with GE's determination to discontinue its insurance operations. The business assumed is as follows:

- The Company reinsures from GLICNY and GLAIC variable annuities on a 100% coinsurance basis for the general accounts and a modified coinsurance basis for the separate accounts.

- The Company reinsures from GLICNY, GLAIC and GLIC structured settlement annuities on a 100% coinsurance basis.
- The Company reinsures from GLICNY and GLIC long-term care contracts on a 100% coinsurance basis. These contracts were originally written by The Travelers Insurance Company (“Travelers”), and assumed by GLICNY and GLIC on a 90% coinsurance basis in 2000. At that same time Travelers, GLICNY and GLIC contemplated a step-up to 100% coinsurance no later than the eighth anniversary on the original agreement (July 31, 2008). UFLIC received cash of \$286,602,268 in December 2008 for the additional liabilities assumed in connection with this step-up.
- In addition to the assumed business from Genworth as previously mentioned, UFLIC ceded to GLAIC Medicare Supplement insurance policies written or assumed by the Company prior to January 1, 2004. This agreement was effective January 1, 2004 and amended on December 18, 2008. Non New York policies are ceded on a 100% coinsurance basis and New York policies are ceded on a 90% coinsurance basis.

All reinsurance agreements reviewed during the course of the examination contained insolvency and cancellation clauses as required by K.S.A. 40-221a – *Reinsurance of risks of and by Kansas companies*. All reinsurance agreements reviewed provided for the transfer of risk.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Kansas Insurance Department and present the financial condition of the Company for the period ending December 31, 2017. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

UNION FIDELITY LIFE INSURANCE COMPANY
STATEMENT OF ASSETS
AS OF DECEMBER 31, 2017

	<u>Assets</u>	<u>Assets Nonadmitted</u>	<u>Net Admitted Assets</u>
Bonds	\$17,592,536,728	\$0	\$17,592,536,728
Preferred stocks	9,832,374	-	9,832,374
Common stocks	15,507,161	-	15,507,161
First liens	834,280,322	-	834,280,322
Other than first liens	11,139,469	-	11,139,469
Cash and short-term investments	223,190,765	-	223,190,765
Contract loans	3,326,968	12	3,326,956
Derivatives	281,112	-	281,112
Other invested assets	336,632,852	7,999	336,624,853
Receivables for securities	11,650,420	-	11,650,420
Investment income due and accrued	247,490,339	-	247,490,339
Uncollected premiums and agents' balances in the course of collection	6,475,367	201,077	6,274,290
Deferred premiums, agents' balances and installments booked but deferred	2,487,464	-	2,487,464
Amounts recoverable from reinsurers	4,960	-	4,960
Other amounts receivable under reinsurance contracts	26,416,562	-	26,416,562
Current federal and foreign income tax Recoverable	41,879,967	-	41,879,967
Net deferred tax asset	629,802,340	559,940,033	69,862,307
Guaranty funds receivable or on deposit	124,020	-	124,020
EDP equipment and software	48,544	-	48,544
Receivables from parent, subsidiaries and affiliates	1,000,000,000	-	1,000,000,000
Aggregate write-ins for other than invested assets	2,442,386	-	2,442,386
Total	<u><u>\$20,995,550,118</u></u>	<u><u>\$560,149,121</u></u>	<u><u>\$20,435,400,997</u></u>

UNION FIDELITY LIFE INSURANCE COMPANY
STATEMENT OF LIABILITIES AND SURPLUS
AS OF DECEMBER 31, 2017

Aggregate reserve for life contracts	\$10,665,982,776
Aggregate reserve for accident and health contracts	6,908,416,291
Liability for deposit-type contracts	1,396,672,495
Life contract claims	16,262,880
Aggregate reserve for accident and health contracts	130,358,830
Premiums and annuity considerations received in advance	6,099,157
Other amounts payable on reinsurance ceded	687,430
Interest maintenance reserve	535,522,404
Commissions to agents due or accrued	158,780
Commissions and expense allowances payable on reinsurance assumed	5,961,505
General expenses due or accrued	74,920,164
Transfers to Separate Accounts due or accrued	(13,248,000)
Taxes, licenses and fees	3,273,676
Amounts withheld or retained by company as agent or trustee	(39,098)
Remittances and items not allocated	23,370,114
Asset valuation reserve	131,655,801
Reinsurance in unauthorized and certified companies	43,947
Payable to parent, subsidiaries and affiliates	6,015,165
Derivatives	152
Payable for securities	1,364,808
Aggregate write-ins for liabilities	5,364,151
Total liabilities	<u>19,898,843,428</u>
Common capital stock	2,903,775
Gross paid in and contributed surplus	5,608,781,964
Unassigned funds (surplus)	<u>(5,075,128,170)</u>
Surplus	533,653,794
Surplus as regards policyholders	<u>536,557,569</u>
Totals	<u><u>\$20,435,400,997</u></u>

UNION FIDELITY LIFE INSURANCE COMPANY
STATEMENT OF OPERATIONS
AS OF DECEMBER 31, 2017

Premiums and annuity considerations for life and accident and health contracts	\$ 263,903,758
Net investment income	1,043,267,816
Amortization of Interest Maintenance Reserve	59,441,209
Commissions and expense allowances on reinsurance ceded	189,844
Aggregate write-ins for miscellaneous income	26,834,854
Totals	1,393,637,481
Death benefits	14,217,709
Matured endowments	92,504
Annuity benefits	762,085,040
Disability benefits and benefits under accident and health contracts	554,397,142
Surrender benefits and withdrawals for life contracts	270,323,679
Interest and adjustments on contract or deposit-type contract funds	86,542,510
Increase in aggregate reserves for life and accident and health contracts	1,158,930,560
Totals	2,846,589,144
Commissions on premiums, annuity considerations and deposit-type contract funds	1,078,534
Commissions and expense allowances on reinsurance assumed	49,057,228
General insurance expenses	37,513,120
Insurance taxes, licenses and fees, excluding federal income taxes	882,381
Increase in loading on deferred and uncollected premiums	(201,527)
Net transfers to or (from) Separate Accounts net of reinsurance	(245,313,717)
Aggregate write-ins for deductions	347
Totals	2,689,605,510
Net gain from operations before dividends to policyholders and federal income taxes	(1,295,968,029)
Dividends to policyholders	-
Net gain from operations after dividends to policyholders and before federal income taxes	(1,295,968,029)
Federal and foreign income taxes incurred	(82,556,775)
Net gain from operations after dividends to policyholders and federal income tax and before realized capital gains or (losses)	(1,213,411,254)
Net realized capital gains (losses)	3,375,920
Net income	\$(1,210,035,334)

**UNION FIDELITY LIFE INSURANCE COMPANY
CAPITAL AND SURPLUS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2017**

Surplus as regards policyholders, December 31, 2016	\$ 765,838,953
Net income	(1,210,035,334)
Change in net unrealized capital gains or less capital gains tax of \$672,616	2,530,316
Change in net unrealized foreign exchange capital gain (loss)	27,408
Change in net deferred income tax	(153,091,851)
Change in nonadmitted assets	123,694,083
Change in liability for reinsurance in unauthorized and certified companies	12,171
Change in asset valuation reserve	7,581,822
Paid in surplus	<u>1,000,000,000</u>
Net change in capital and surplus for the year	<u>(229,281,386)</u>
Capital and surplus, December 31, current year	<u><u>\$ 536,557,569</u></u>

**UNION FIDELITY LIFE INSURANCE COMPANY
CAPITAL AND SURPLUS ACCOUNT
RECONCILIATION OF CAPITAL AND SURPLUS SINCE LAST EXAMINATION**

Surplus as regards policyholders, December 31, 2012		<u>\$ 560,140,502</u>
Net income	2013	6,337,073
	2014	(280,805,756)
	2015	(60,940,978)
	2016	(64,985,728)
	2017	<u>(1,210,035,334)</u>
		(1,610,430,723)
Change in net unrealized capital gains or (losses)	2013	(3,011,629)
	2014	1,569,117
	2015	121,021
	2016	(2,038,098)
	2017	<u>2,530,316</u>
		(829,273)
Change in net unrealized foreign exchange capital gain or (losses)	2013	(63,681)
	2014	(63,089)
	2015	(109,451)
	2016	15,379
	2017	<u>27,408</u>
		(193,434)
Change in net deferred income tax	2013	(31,362,731)
	2014	79,066,361
	2015	830,365
	2016	(32,663,104)
	2017	<u>(153,091,851)</u>
		(137,220,960)
Change in nonadmitted assets	2013	30,971,633
	2014	(88,341,274)
	2015	(25,763,169)
	2016	92,393,549
	2017	<u>123,694,083</u>
		132,954,822
Change in liability for reinsurance in unauthorized and certified companies	2013	21,558,660
	2014	14,290
	2015	14,106
	2016	6,175
	2017	<u>12,171</u>
		21,605,402
Change in asset valuation reserve	2013	(15,227,077)
	2014	(12,354,045)
	2015	(4,307,776)
	2016	10,515,335
	2017	<u>7,581,822</u>
		(13,791,741)

**UNION FIDELITY LIFE INSURANCE COMPANY
CAPITAL AND SURPLUS ACCOUNT (CONTINUED)
RECONCILIATION OF CAPITAL AND SURPLUS SINCE LAST EXAMINATION**

Paid in surplus	2013	-	
	2014	250,000,000	
	2015	-	
	2016	334,322,974	
	2017	<u>1,000,000,000</u>	<u>1,584,322,974</u>
Surplus as regards policyholders, December 31, 2017			<u><u>\$ 536,557,569</u></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, 2017, was \$536,557,569, which was the same amount, reported by the Company in its 2017 filed Annual Statement.

COMMENTS ON FINANCIAL STATEMENTS

No changes were made to the financial statements as a result of this Examination.

SUBSEQUENT EVENTS

The Company requested and received approval under the provision of SSAP No. 9 – *Subsequent Events* and SSAP No. 72 – *Statutory Surplus*, from the Kansas Insurance Department to include the \$1 billion cash capital contribution from ERAC in the financial statements as of December 31, 2017, and report it as a Receivable from parent, subsidiaries or affiliates. The amount was subsequently received February 21, 2018.

Subsequent to the year ending December 31, 2017, the Company filed a Form A Exemption Approval, adding an insurance holding company between GECUSH and ERAC. The new company formed is GE Capital NALH Holdings, LLC and was approved by the Kansas Insurance Department on August 6, 2018.

The President, Mr. Ronald D. Peters, resigned as of September 1, 2018. Mr. William J. Steilen was appointed acting president. Effective November 1, 2018, Mr. Timothy F. Kneeland became president of the Company.

The Company included a cash capital contribution of \$400 million from ERAC in the financial statements as of December 31, 2018, and was reported as a Receivables from parent, subsidiaries and affiliates. The cash was subsequently received February 19, 2019.

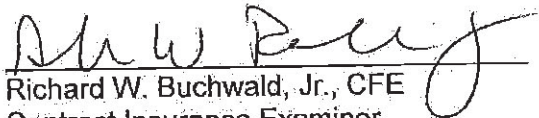
SUMMARY OF RECOMMENDATIONS

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

CONCLUSION

The assistance and cooperation by the officers of the Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Lester Schott, Chang Song, Paige Mayo, Adham McGuire, and Phil Schmoyer from Baker Tilly Virchow Krause, LLP, and Mike Mayberry from Lewis & Ellis, participated in this examination.

Respectfully submitted,


Richard W. Buchwald, Jr., CFE
Contract Insurance Examiner
Baker Tilly Virchow Krause, LLP
Examiner-in-Charge



Christopher W. Buchanan, CPA, CFE
Senior Financial Examiner
Kansas Insurance Department

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

State of Kansas,

County of Shawnee,

Richard W Buchwald, Jr being duly sworn, states as follows:

1. I have authority to represent the Kansas Insurance Department in the examination of Union Fidelity 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 Union Fidelity 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.

Richard W Buchwald, Jr
Examiner's Signature

Subscribed and sworn before me by Richard W. Buchwald, Jr on this
28th day of May, 2019.

(SEAL)

Notary Public *Patrick K Collins*

My commission expires 12-10-2021
(date)

Patrick K. Collins
Notary Public, Harford County, MD
My commission expires Dec. 10, 2021

