

**REPORT ON EXAMINATION**  
**OF**  
**UNION SECURITY INSURANCE COMPANY**  
**440 MOUNT RUSHMORE ROAD**  
**RAPID CITY, SOUTH DAKOTA 57701**  
**AS OF**  
**DECEMBER 31, 2018**

**FILED**

**JUN 29 2020**

**VICKI SCHMIDT**  
**Commissioner of Insurance**

## TABLE OF CONTENTS

<u>SUBJECT</u>	<u>PAGE NUMBER</u>
SALUTATION.....	1
SCOPE OF EXAMINATION .....	1
Independent Audit Reports.....	2
Actuarial Review.....	3
COMPANY HISTORY .....	3
Capital Stock .....	3
Dividends and Capital Distributions .....	4
MANAGEMENT AND CONTROL .....	4
Stockholders.....	4
Board of Directors.....	5
Officers .....	6
Committees .....	7
INSURANCE HOLDING COMPANY SYSTEM .....	7
Intercompany/Cost Sharing Agreements .....	8
TERRITORY AND PLAN OF OPERATION.....	9
SELECT FINANCIAL INFORMATION.....	9
REINSURANCE .....	10
FINANCIAL STATEMENTS .....	11
Assets.....	12
Liabilities, Surplus and Other Funds.....	13
Summary of Operations.....	14
Capital and Surplus Account .....	15
ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS.....	17
COMMENTS ON FINANCIAL STATEMENTS .....	17
SUBSEQUENT EVENTS .....	17
SUMMARY OF EXAMINATION FINDINGS .....	18
CONCLUSION .....	19

Rapid City, South Dakota  
April 13, 2020

Honorable Vicki Schmidt  
Commissioner of Insurance  
Kansas Insurance Department  
1300 SW Arrowhead Road  
Topeka, Kansas 66604

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:

**UNION SECURITY INSURANCE COMPANY**

with its statutory home office at:

**2900 SW WANAMAKER DRIVE, SUITE 204  
TOPEKA, KANSAS 66614**

and its main administrative office at:

**440 MOUNT RUSHMORE ROAD  
RAPID CITY, SOUTH DAKOTA 57701**

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

**SCOPE OF EXAMINATION**

The examiners have performed a multi-state financial examination of USIC, a Kansas domiciled life and health insurance company. The last examination covered the four-year period from January 1, 2011 through December 31, 2014. This examination covers the four-year period from January 1, 2015, through December 31, 2018.

The examination was conducted in accordance with the rules, regulations and directives of the Kansas Insurance Department ("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 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 the Company.

### **Independent Audit Reports**

Financial statements of the Company were audited by PricewaterhouseCoopers, LLP, for the years ending December 31, 2015, through December 31, 2018. In each of the years under examination, the auditors concluded that the financial statements of the Company present fairly, in all material respects, the admitted assets, liabilities and

policyholders' surplus of the Company, the results of its operations, and its cash flows in accordance with the accounting practices prescribed or permitted by the Department.

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

### **Actuarial Review**

The Department retained the services of Risk and Regulatory Consulting, LLC ("RRC"), in order to perform a review of the Company's actuarial practices. RRC's review consisted of evaluating certain assumptions, methodologies and calculations utilized by the Company in the reserve setting process.

### **COMPANY HISTORY**

In 1910, the Company was incorporated as Montana Life Insurance Company. In 1938, the Company's name was changed to Western Life Insurance Company, and in 1992, the name Fortis Benefits Insurance Company was adopted. In 1999, the Company assumed the majority of the inforce pre-need life insurance from an affiliate, United Family Life Insurance Company. In 2001, the Company performed a statutory merger of Pierce National Life Insurance Company, whereby the affiliate was merged into the Company. In 2004, the Company re-domesticated from Minnesota to Iowa. On September 6, 2005, the Company changed its name to Union Security Insurance Company. On September 30, 2009, the Company re-domesticated from Iowa to Kansas.

### **Capital Stock**

The Company's articles of incorporation authorize the issuance of 1,000,000 shares of common capital stock with a par value of \$5.00 per share. As of December 31, 2018, 1,000,000 shares had been issued and were outstanding, resulting in a total paid-

up common capital stock amount of \$5,000,000. As of December 31, 2018, 100% of the stock is owned by Interfinancial, Inc., who is 100% owned by Assurant, Inc., a publicly traded stock company.

### **Dividends and Capital Distributions**

Pursuant to K.S.A. 40-3306, and K.A.R. 40-1-28, dividends or distributions of capital of \$83.0 million, \$890.0 million, \$61.0 million and \$15.0 million were declared and paid to the sole stockholder, Interfinancial, Inc., during 2015, 2016, 2017 and 2018, respectively. All of these payments were considered extraordinary. The Company requested and received the Department's approval to pay the aforementioned dividends and distributions of capital.

## **MANAGEMENT AND CONTROL**

### **Stockholders**

Article 1, Section 2 of the Company's bylaws provides that: "The Annual Meeting of the Stockholders shall be held each year at the office of the Company in the City of Kansas City, Missouri, or at such other place as may be designated. At said meeting the stockholders shall elect a Board of Directors consisting of not less than five (5) nor more than fifteen (15) members who shall hold office for one year or until their successors are elected and qualified. At such meeting there may be transacted any other business that may be brought before it. Each outstanding share entitled to vote at a meeting of the stockholders, shall be entitled to one vote for each share of stock held by him which has voting power upon the matter in question."

## **Board of Directors**

Article II, Section 1 of the Company bylaws provides that: “The Board of Directors shall have authority and responsibility for the general management of the corporation in all those matters which are not reserved for action by the stockholders.”

Article II, Section 6 of the Company’s bylaws provides that: “The Board of Directors shall have the power to elect successors to fill up to three (3) vacancies that may occur in their own body, such successors to serve until the next annual meeting of the stockholders. If more than three (3) vacancies occur during any year, the remaining directors may call a Special Meeting of Stockholders to fill such additional vacancies or the remaining directors may continue to act so long as a quorum remains, but such directors, if less than a quorum, shall promptly call a special meeting of the stockholders to fill such additional vacancy or vacancies.”

The following is a listing of directors and their position(s) held as of December 31, 2018:

<b><u>Director</u></b>	<b><u>Position(s) Held</u></b>
Tammy L. Schultz	Executive VP and President, Global Preneed Assurant, Inc.
Eric M. Kurzrok	VP and Actuary, Ratings and Capital Assurant, Inc.
Fernand LeBlanc	VP, Strategy and Business Development Assurant, Inc.
Paula M. SeGuin	Director, Compliance Assurant, Inc.
Lisa D. Young	Vice President, Global Preneed Assurant, Inc.

## **Officers**

Article III, Section 1 of the Company's bylaws provides that: "The officers of the Company shall be elected to serve during the pleasure of the Board of Directors, except that the Chairman, if any, and the President shall be elected by the Board of Directors to serve for one year or until the election and qualification of their successors; and the Board of Directors may at any time create additional offices and define the duties thereof, or, with or without cause, abolish offices and remove the incumbents therefrom."

Article III, Section 2 of the Company's bylaws provides that: "The Board of Directors shall elect a President, a Secretary, and a Treasurer, and may elect a Chairman, one or more Senior Vice Presidents, one or more Vice Presidents, an Appointed Actuary, and such additional officers as it may in its discretion determine. Any two (2) or more offices may be held by the same person, except that no person shall hold both the offices of Chairman and Secretary, and that no one person shall hold both the offices of President and Secretary."

The following is a listing of officers and their position(s) held as of December 31, 2018:

<b><u>Officer</u></b>	<b><u>Position(s) Held</u></b>
Tammy L. Schultz	President and Chief Executive Officer
Athanasios Bolovinos	Treasurer and Chief Financial Officer
Jeannie A. Aragon-Cruz	Secretary
Andrew A. Minten	Actuary
Dawn M. Lamnin	Vice President
Gary L. Lau	Vice President
Temikia L. Montford	Vice President
Paula M. SeGuin	Vice President
Lisa D. Young	Vice President



## **Committees**

Article V, Section 1 of the Company's bylaws provides that: "There shall be an Executive Committee of the Corporation, the membership of which shall be appointed by the Board of Directors and consist of not less than two (2) members nor more than three (3) members." In addition, Section 1 also provides that: "The Executive Committee shall have and may exercise, when the Board of Directors is not in session, to the fullest extent permitted by the corporation laws of the State of Kansas, all of the powers of the Board of Directors in the management of the business and affairs of the Corporation." The following is a listing of executive committee members as of December 31, 2018:

Tammy L. Schultz  
Paula M. SeGuin

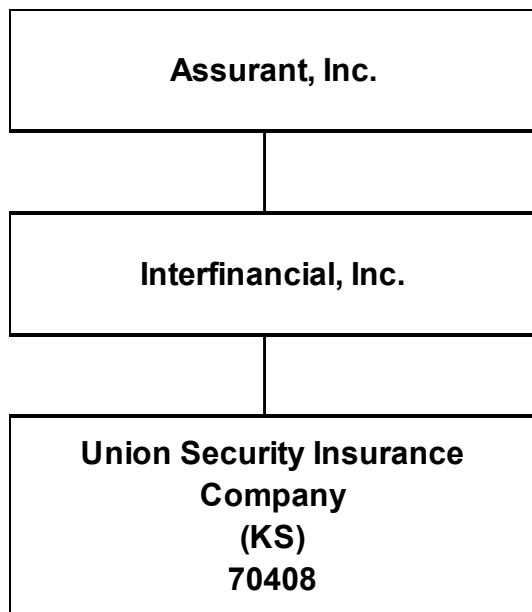
The Company does not have an Audit Committee of its own. The Audit Committee of the Company's ultimate parent, Assurant, Inc., is designated to act as the Company's Audit Committee.

## **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 Form "B" and "C" registration statements to the 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 following is an abridged organizational chart showing the direct line of ownership at December 31, 2018. All subsidiaries listed below are wholly-owned unless

otherwise noted. Additional information on the full insurance company holding system can be found in the Company's Annual Statement.



**Intercompany/Cost Sharing Agreements**

The Company files a consolidated tax return under a tax allocation agreement with its ultimate controlling parent, Assurant, Inc., and its affiliates. Allocation is based on separate return calculations with current credit for net losses. Intercompany tax balances are settled annually within thirty (30) days of the filing of the consolidated federal income tax return.

The Company also has investment management and management agreements with Assurant, Inc., whereby the Company receives services relating to investment management, accounting and safekeeping of assets.

The Company also has additional service agreements with various affiliates to provide and/or receive services to and/or from the affiliates including, but not limited to, management, premium processing, claims processing, premium collection, accounting, actuarial, and legal service, etc. These services include administrative expenses,

including employment, occupancy, regulatory, and general administrative expenses. The management agreements provide information systems support, claims management services, general administration and customer service organization support.

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

As of December 31, 2018, the Company is authorized to transact business in the District of Columbia, and all states in the United States, with the exception of the state of New York. The NAIC Schedule T Exceptions Report was reviewed for each of the states where the Company is licensed. No exceptions were noted.

As of December 31, 2018, the Company's largest lines of business by percentage of direct premium written are as follows: group accident and health (65%), group life (17%), other accident and health (11%) and preneed life and other lines of business (7%). These lines of business are organized into segments, which are managed throughout the legal entities by the officers within the holding company. The officers of the legal entities are based upon the highest percentage of segment business earned within that legal entity. With the Company's 100% cession of the Assurant Employee Benefits ("AEB") segment in 2016, which consisted of accident and health, group life and other accident and health products, the Company's main segment is now preneed life which falls under the Global Preneed segment.

### **SELECT FINANCIAL INFORMATION**

The exhibit below shows the Company's financial results for the period of December 31, 2014, through December 31, 2018. The financial amounts were obtained from annual statements filed by the Company.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<i>(in thousands)</i>					
Admitted Assets*	3,252,049	3,115,521	1,190,061	1,054,117	1,002,952
Liabilities*	2,836,329	2,687,155	1,031,533	940,231	876,686
Capital and Surplus	415,720	428,366	158,528	113,886	126,266
Net Income	67,287	71,464	481,703	106,208	90,023
Net Premiums Earned	1,016,007	1,028,396	(1,468,939)	4,138	3,761

\* Excluding Separate Accounts Business

## **REINSURANCE**

The Company assumes preneed life business from IA American Life Insurance Company and Anthene Annuity and Life Assurance Company.

Preneed life contracts written on or after November 1, 2005, are 100% ceded to Forethought Life Insurance Company. Certain monthly debit ordinary life policies that were issued prior to July 1, 1999, and after by Pierce National Life Insurance Company are 100% ceded to Colonial Penn Life Insurance Company.

Other reinsurance is obtained by the Company to reduce its ultimate net loss under its preneed policies. The Company cedes face amounts above \$100,000 to various non-affiliated reinsurance companies.

The Company cedes 100% of its long-term care business, and the administration of said business, to John Hancock Life Insurance Company under a coinsurance agreement.

The Company cedes 100% of its fixed and variable life and annuity business under a coinsurance and modified coinsurance agreement, respectively with Hartford Life Insurance and Annuity Company (“HLIAC”). In May 2018, HLIAC was sold to a group of investors led by Cornell Capital LLC, Atlas Merchant Capital LLC, TRB Advisors LP, Global Atlantic Financial Group, Pine Brook, and J. Safra Group. Upon the close of the sale, HLIAC was renamed Talcott Resolution Life and Annuity Insurance Company

("TRLAIC"). Currently, TRLAIC administers all business ceded to them by the Company except for the individual life business. The individual life business is administered by Prudential Financial as a result of HLIAC ceding this business to Prudential Financial in 2013.

On March 1, 2016, Assurant, Inc., the Company's ultimate parent, completed the sale of its AEB segment through a series of transactions with the United States Branch of the Sun Life Assurance Company of Canada ("Sun Life"). The transaction was primarily structured as a reinsurance agreement. The Company entered into a 100% reinsurance agreement with Sun Life as of March 1, 2016, regarding its AEB segment. The products affected by the sale are group disability, group dental, group life, group vision, and supplemental worksite insurance products. Sun Life administers the business with plans to directly write the business as the assumed policies renew.

### **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, 2018. Any 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 SECURITY INSURANCE COMPANY**  
**ASSETS**  
**AS OF DECEMBER 31, 2018**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 768,814,538	\$ -	\$ 768,814,538
Preferred stocks	67,003,012	-	67,003,012
Common stocks	433,264	-	433,264
Mortgage loans	54,609,228	-	54,609,228
Cash, cash equivalents and short-term investments	22,982,032	-	22,982,032
Contract loans	5,986,193	23,835	5,962,358
Derivatives	71,088	-	71,088
Other invested assets	39,838,583	-	39,838,583
Receivables for securities	85	-	85
Investment income due & accrued	12,003,250	-	12,003,250
Uncollected premiums and agents' balances in the course of collection	122,440	-	122,440
Deferred premiums and agents' balances and installments booked but deferred and not yet due	585,809	-	585,809
Amounts recoverable from reinsurers	596,395	-	596,395
Other amounts receivable under reinsurance contracts	15,396,116	-	15,396,116
Net deferred tax asset	24,414,566	14,837,925	9,576,641
Guaranty funds receivable or on deposit	4,289,660	-	4,289,660
Receivables from parent, subsidiaries and affiliates	667,298	16	667,282
Aggregate write-ins for other than invested assets	202,890	202,890	-
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	1,445,457,295	-	1,445,457,295
<b>Totals</b>	<b>\$ 2,463,473,742</b>	<b>\$ 15,064,666</b>	<b>\$ 2,448,409,076</b>

**UNION SECURITY INSURANCE COMPANY  
LIABILITIES, SURPLUS AND OTHER FUNDS  
AS OF DECEMBER 31, 2018**

Aggregate reserve for life contracts	\$ 796,374,606
Aggregate reserve for accident and health contracts	1,706,909
Liability for deposit type contracts	16,634,295
Contract claims: life	9,885,523
Contract claims: accident and health	68,123
Dividends apportioned for payment	695,000
Premiums and annuity considerations for life and accident and health received in advance less discount	185,915
Provision for experience rating refunds	2,482,161
Other amounts payable on reinsurance ceded	3,298,113
Interest maintenance reserve	13,099,758
Commissions to agents due or accrued	13,643
Commissions and expense allowances payable on reinsurance assumed	57,139
General expenses due or accrued	887,568
Taxes, licenses and fees due or accrued	5,839,499
Current federal and foreign income taxes	4,357,170
Unearned investment income	79,612
Amounts withheld or retained by company as agent or trustee	101,464
Remittances and items not allocated	681,019
Liability for benefits for employees and agents if not included above	168,158
Asset valuation reserve	9,689,603
Payable to parent, subsidiaries and affiliates	2,368,751
Aggregate write-ins for liabilities	8,011,753
Total liabilities excluding separate accounts business	<u>\$ 876,685,782</u>
From separate accounts statement	<u>1,445,457,295</u>
Total liabilities	<u>\$2,322,143,077</u>
Common capital stock	\$ 5,000,000
Aggregate write-ins for other than special surplus funds	39,183,823
Gross paid in and contributed surplus	108,886,253
Unassigned funds (surplus)	<u>(26,804,077)</u>
Total capital and surplus	<u>\$ 126,265,999</u>
Total liabilities, capital and surplus	<u><u>\$2,448,409,076</u></u>

**UNION SECURITY INSURANCE COMPANY  
SUMMARY OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Premiums and annuity considerations for life and accident and health contracts	\$ 3,760,668
Net investment income	63,384,708
Amortization of interest maintenance reserve	3,250,654
Commissions and expense allowances on reinsurance ceded	149,688,658
Aggregate write-ins for miscellaneous income	18,069
Total	\$ 220,102,757
Death benefits	78,141,558
Matured endowments	914,903
Annuity benefits	1,948,347
Disability benefits and benefits under accident and health contracts	651,220
Surrender benefits and withdrawals for life contracts	2,641,698
Interest and adjustments on contract or deposit-type contract funds	1,093,056
Payments on supplementary contracts with life contingencies	7,018
Increase in aggregate reserves for life and accident and health contracts	(53,482,174)
Total	\$ 31,915,626
Commissions on premiums, annuity considerations, and deposit-type contract funds	81,027,266
Commissions and expense allowances on reinsurance assumed	294,553
General insurance expenses	9,333,203
Insurance taxes, licenses and fees, excluding federal income taxes	(912,348)
Increase in loading on deferred and uncollected premiums	(59,229)
Aggregate write-ins for deductions	9,660
Total	\$ 121,608,731
Net gain from operations before dividends to policyholders and before federal income taxes	98,494,026
Dividends to policyholders	667,137
Total	\$ 97,826,889
Federal income taxes incurred	7,491,282
Total	\$ 90,335,607
Net realized capital losses	(312,862)
Total	\$ 90,022,745



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

Capital and surplus, December 31, 2014			<u>\$ 415,720,143</u>
Net income	2015	71,464,364	
	2016	481,702,640	
	2017	106,208,235	
	2018	<u>90,022,745</u>	749,397,984
Change in net unrealized capital gains or (losses)	2015	6,369,890	
	2016	(5,541,398)	
	2017	231,746	
	2018	<u>743,132</u>	1,803,370
Change in net deferred income tax	2015	(4,747,960)	
	2016	(52,743,808)	
	2017	(20,803,592)	
	2018	<u>2,618,414</u>	(75,676,946)
Change in nonadmitted assets	2015	26,416,946	
	2016	12,121,341	
	2017	9,972,350	
	2018	<u>(523,261)</u>	47,987,376
Change in asset valuation reserve	2015	3,656,636	
	2016	17,316,438	
	2017	1,869,081	
	2018	<u>942,574</u>	23,784,729
Cumulative effect of changes in accounting principles	2015	-	
	2016	-	
	2017	(188,000)	
	2018	<u>-</u>	(188,000)

**UNION SECURITY INSURANCE COMPANY**  
**CAPITAL AND SURPLUS ACCOUNT**  
**RECONCILIATION OF CAPITAL AND SURPLUS SINCE LAST EXAMINATION**  
**(Continued)**

Surplus Paid in	2015	-	
	2016	-	
	2017	(44,641,344)	
	2018	-	(44,641,344)
Change in surplus as a result of reinsurance	2015	(7,513,997)	
	2016	(6,920,885)	
	2017	(6,387,219)	
	2018	(5,924,379)	(26,746,480)
Dividends to stockholders	2015	(83,000,000)	
	2016	(890,000,000)	
	2017	(16,358,656)	
	2018	(15,000,000)	(1,004,358,656)
Aggregate write-ins for gains and losses in surplus	2015	-	
	2016	174,227,244	
	2017	(74,543,941)	
	2018	(60,499,480)	39,183,823
Capital and surplus, December 31, 2018			<u>\$ 126,265,999</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, 2018, was \$126,265,999, which was the same amount reported by the Company in its 2018 Annual Statement filed with the Department.

## **COMMENTS ON FINANCIAL STATEMENTS**

No comments on the financial statements were identified that warranted inclusion in this Report on Examination.

## **SUBSEQUENT EVENTS**

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The COVID-19 outbreak has severely restricted the level of economic activity and will continue affecting businesses around the world, including the Company. COVID-19 and measures to prevent its spread are affecting the Company's business in a number of ways. Due to the speed with which the COVID-19 situation is developing and given the uncertainty regarding the length and severity of the outbreak, the impact to the Company's business may include reduced demand for their products and services, and suppressed investment income. The Company continues to evaluate the impact of the COVID-19 outbreak to its businesses and related developments, including on the global economy, financial markets and the markets in which they operate.

## **SUMMARY OF EXAMINATION FINDINGS**

1. During the examination, it was determined that the Company was not calculating annuity reserves using the Commissioner's Annuity Reserve Valuation Method ("CARVM") as required by K.S.A. 40-409. Additionally, certain annuity policies were being improperly categorized in the annual statement in terms of the mortality table under which they should be valued based on the year of policy issuance. The estimated net financial impact of using the reserve requirements that differed from the CARVM calculations required by K.S.A. 40-409 was approximately a \$285,000 increase in reported reserves as of December 31, 2018. This figure was immaterial to the financial statements and no adjustment was required. The Company shall calculate their annuity reserves using CARVM, as required by K.S.A. 40-409, and properly categorize policies in the appropriate reserve valuation basis for the purposes of annual statement reporting.
  
2. During the examination, it was determined that the Company had not properly identified certain policies which met the criteria for being deemed abandoned property under K.S.A. 58-3935(a)(7), and thus should have been reported as abandoned property under K.S.A 58-3950. The Company shall properly identify all policies which would be deemed abandoned property under K.S.A. 58-3935(a)(7), and report them in accordance with K.S.A. 58-3950.

## **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, Mr. Shane Mead, CISA, CISM, CRISC, an Information Systems Examiner, and Ms. Tamara House, CFE, a Senior Insurance Examiner, both representing the Department, participated in this examination. Actuarial consultants from RRC also participated in the examination as contracted representatives of the Department.

Respectfully submitted,



---

Christopher W. Buchanan, CPA, CFE  
Examiner-in-Charge  
Kansas Insurance Department

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

State of Kansas

County of Shawnee

Christopher W. Buchanan, being duly sworn, states as follows:

1. I have authority to represent the Kansas Insurance Department in the examination of Union Security 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 Security Insurance Company was performed in a manner consistent with the standards and procedures required by K.S.A. 40-222.

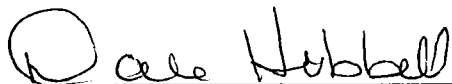
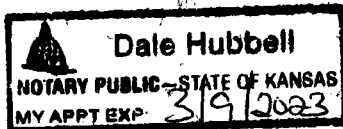
The affiant says nothing further.



\_\_\_\_\_  
Examiner's Signature

Subscribed and sworn before me by Christopher W. Buchanan on this 23 day of June, 2020.

(SEAL)



\_\_\_\_\_  
Notary Public

My commission expires 3/9/2023  
(date)