

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of General American Life Insurance Company for the period ended December 31, 2013


ORDER

After full consideration and review of the report of the financial examination of General American Life Insurance Company for the period ended December 31, 2013, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, subsequent events, company history, corporate records, management and control, fidelity bond and other insurance, pension, stock ownership and insurance plans, territory and plan of operations, growth of the company and loss experience, reinsurance, accounts and records, statutory deposits, financial statements, financial statement changes resulting from examination, and comments on financial statement items.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of General American Life Insurance Company as of December 31, 2013 be and is hereby ADOPTED as filed and for General American Life Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with each item, if any, mentioned in the Comments on Financial Statement Items and/or Summary of Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 11th day of May, 2014.



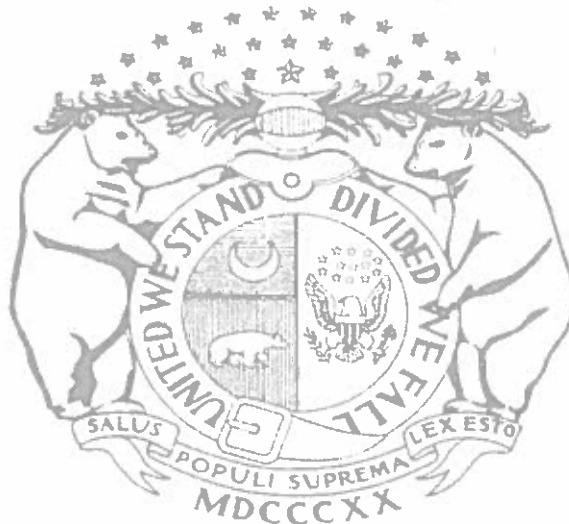

John M. Huff, Director
Department of Insurance, Financial Institutions
and Professional Registration

REPORT OF
FINANCIAL EXAMINATION

GENERAL AMERICAN
LIFE INSURANCE COMPANY

AS OF:
DECEMBER 31, 2013

FILED
MAY 21 2015
DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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March 18, 2015
St. Louis, MO

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Huff:

In accordance with your financial examination warrant, a comprehensive financial examination has been made of the records, affairs and financial condition of

General American Life Insurance Company

hereinafter referred to as "GALIC" or as the "Company." The Company's main office is located at 13045 Tesson Ferry Road; St. Louis, MO 63128; telephone number (314) 843-8700. Examination fieldwork began on February 17, 2014, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

We have performed a multi-state examination of General American Life Insurance Company. The last examination was completed as of December 31, 2010. This examination covers the period of January 1, 2011 through December 31, 2013. This examination also included material transactions or events occurring subsequent to December 31, 2013.

Procedures

This examination was conducted as a full scope comprehensive examination. We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook. The handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company and evaluating systems controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with statutory accounting principles and Annual Statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Key activities were: Investment, Treasury, Underwriting and Premiums, Claims, Reserving, Taxes, Related Party Transactions, Capital and Surplus, and Reinsurance.

The examiners relied upon information and workpapers provided by the Company's independent auditor Deloitte & Touche LLP, for its audit covering the period from January 1, 2013 through December 31, 2013. Such reliance included taxes, internal control narratives and tests of internal controls. Examiners also coordinated with the state of New York and used workpapers from their examination as needed.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant issues identified during this examination. The Company continues to experience stable operations with adequate surplus and manageable losses.

SUBSEQUENT EVENTS

There were no significant subsequent events to report.

COMPANY HISTORY

General

General American Life Insurance Company was incorporated in June 1933 as a stock insurance company. In 1946 it was reorganized as a mutual life insurance company. On April 24, 1997, GALIC reorganized into a stock company with a mutual holding company structure. GenAmerica Corporation was created as an intermediate stock holding company between General American Mutual Holding Company and GALIC. The reorganization was approved by the Department of Insurance, Financial Institutions and Professional Registration (DIFP) and policyholders.

GALIC experienced a liquidity crisis in August 1999 associated with surrenders of its funding agreement (or stable value) business. In order to protect the interests of policyholders, DIFP placed GALIC into voluntary administrative supervision. The Company was removed from voluntary administrative supervision following the purchase of GALIC and subsidiaries by Metropolitan Life Insurance Company (MLIC) in January 2000. GALIC's funding agreement liabilities were transferred to MLIC.

Capital Stock

The Company has 5,000,000 shares of common stock authorized with 3,000,000 shares issued and outstanding at \$1 per share par value. All shares are owned by Metropolitan Life Insurance Company. The Company has no preferred stock.

Dividends

The Company paid \$184,420,000 in dividends for 2011. No other dividends were paid during the examination period. Prior to 2011, the Company had paid over \$1.7 billion in dividends.

Mergers and Acquisitions

The following mergers and acquisitions with GALIC's direct parent and subsidiaries have occurred since MetLife Inc.'s acquisition of the Company:

- Subsidiary General Life Insurance Company was merged into GALIC in July 2002.
- Subsidiary Security Equity Life Insurance Company was purchased by MetLife Inc. in December 2002 and merged into MLIC. in October 2003.
- Subsidiary Cova Corporation was acquired by MetLife Inc. in December 2002.
- GALIC's direct parent, GenAmerica Financial Corporation was merged into a Limited Liability Company and became a direct subsidiary of MetLife Inc. in November 2004.
- Subsidiary Equity Intermediary was liquidated into GALIC with the approval of DIFP in December 2004. As a result of this transaction, Reinsurance Group of America Inc. became a direct subsidiary of GALIC.
- MetLife Inc. acquired GALIC's subsidiary Paragon Life Insurance Company in January 2006, which was merged into MLIC in May 2006.
- On September 12, 2008, MetLife Inc. and Reinsurance Group of America, Inc. (RGA), a subsidiary of GALIC, completed a tax-free split-off transaction whereby MetLife Inc. divested itself of substantially all of its 52% ownership in RGA.
- On December 16, 2011, GALIC's direct parent, GenAmerica Financial Corporation, was dissolved. As a result, GALIC is now a direct wholly-owned subsidiary of Metropolitan Life Insurance Company.

Surplus Note

The Company issued a surplus note for \$107,000,000 on January 14, 1994, with an interest rate of 7.625%. As of December 31, 2013, the note had a carrying value of \$110,739,427, of which \$3,739,427 was accrued interest from the current period. The surplus note matures on January 15, 2024.

CORPORATE RECORDS

Corporate Documents

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

Meeting Minutes

We reviewed the minutes of the meetings of the shareholder and the board of directors. The minutes appear to properly support the approval of major corporate transactions and events for the period under examination.

MANAGEMENT AND CONTROL

The bylaws and articles of incorporation direct the Company to maintain a board of directors consisting of no fewer than nine or more than fifteen directors. At December 31, 2013, the following nine individuals served as directors.

<u>Name</u>	<u>Location</u>	<u>Affiliation</u>
Eric T. Steigerwalt	Bridgewater, New Jersey	Chairman of the Board, President and Chief Executive Officer, General American Life Insurance Company
Kimberly A. Berwanger	New York, New York	Vice President, MetLife, Inc.
Meghan S. Doscher	Bridgewater, New Jersey	Vice President, MetLife, Inc.
Gene L. Lunman	Bloomfield, Connecticut	Senior Vice President, MetLife, Inc.
Peter M. Carlson	New York, New York	Executive Vice President and Chief Accounting Officer, MetLife, Inc.
Elizabeth M. Forget	New York, New York	Senior Vice President, MetLife, Inc.
Paul G. Cellupica	New York, New York	Chief Counsel, MetLife, Inc.
Paul A. LaPiana	Irvine, California	Senior Vice President, MetLife, Inc.
Stanley J. Talbi	New York, New York	Chairman, Exeter Reassurance Company, Ltd.

Officers of the Company serving at December 31, 2013, were as follows:

<u>Name</u>	<u>Office</u>
Eric T. Steigerwalt	Chairman, President, Chief Executive Officer
Peter M. Carlson	Executive Vice President and Chief Accounting Officer
Isaac Torres	Secretary
Marlene B. Debel	Senior Vice President and Treasurer
Lynn A. Dumais	Vice President
Robin Lenna	Executive Vice President

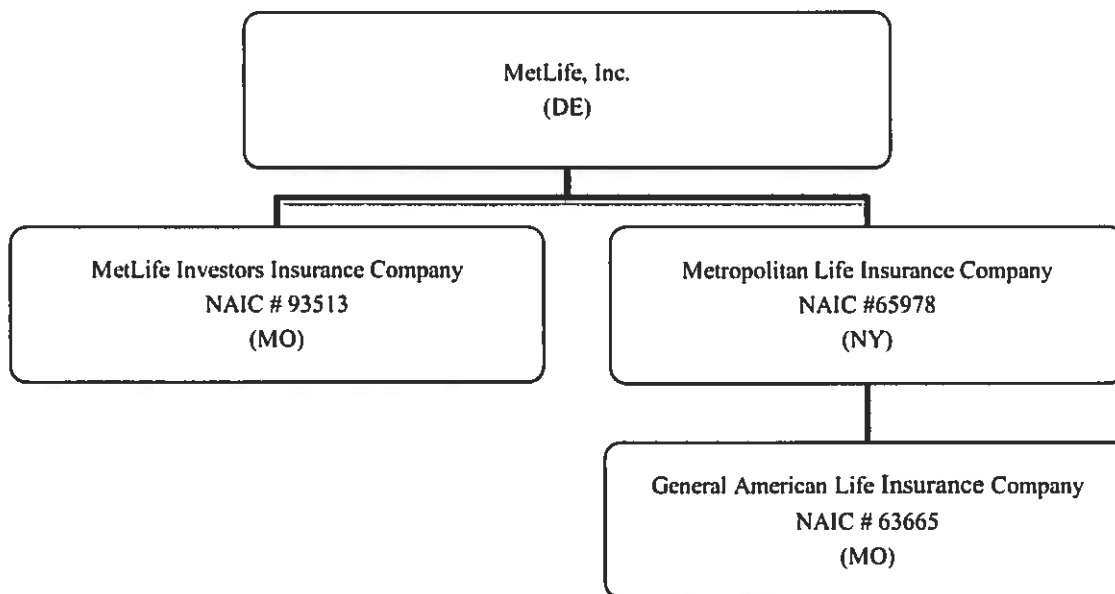
The Company maintains an Audit Committee. Members at December 31, 2013, were:

Peter M. Carlson
Elizabeth M. Forget
Eric T. Steigerwalt

Organizational Chart

The Company is a member of an Insurance Holding Company System as defined by Section 382.010 RSMo (Definitions). MetLife, Inc. is the ultimate parent of the Insurance Holding Company System. GALIC is a wholly-owned subsidiary of Metropolitan Life Insurance Company, which is a direct subsidiary of MetLife, Inc.

The following is an abridged organizational chart and depicts those companies directly related to GALIC. All companies shown are 100% owned by their immediate parent.



Intercompany Transactions

The Company has numerous affiliated agreements, however three agreements account for approximately 95% of all intercompany transaction expenses. These are described below.

1) Master Services Agreement

Parties: GALIC, MetLife Investors Insurance Company (MLI), and Metropolitan Life Insurance Company

Effective: January 1, 1978; GALIC added May 22, 2000 and MLI added December 31, 2002.

Terms: MLIC provides services including: legal, communications, human resources, general management, controller, investment management, actuarial, treasury, benefits management, information systems and technology.

Rate(s): Fees charged on a direct and indirect, reasonable and equitable basis. During 2013, those fees were \$13.9 million.

2) Services Agreement

Parties: GALIC, MLI, and MetLife Group, Inc.

Effective: January 1, 2003. Revised May 1, 2003.

Terms: MetLife Group, Inc. agrees to provide personnel, on an as needed basis, to perform services including legal, communications, human resources, broker-dealer, general management, controller, investment management, actuarial, treasury, benefits management, information systems and technology, and claims, underwriting and policyholder services.

Rate(s): The insurers agree to pay a charge equal to all expenses, direct and indirect, including compensation and employee benefits, reasonably and equitably determined by MetLife Group, Inc. Fees incurred in 2013 were \$31.9 million.

3) Investment Management Agreement

Parties: GALIC and Metropolitan Life Insurance Company

Effective: January 1, 2001.

Terms: MLIC provides certain investment advisory services, portfolio management services and other services for the general account

invested assets of GALIC, including non-real estate assets, real estate mortgage loans, real estate equity, and joint venture assets.

Rate(s): GALIC will reimburse MLIC on an indirect and direct expenses incurred basis. Fees incurred during 2013 were almost \$11.2 million.

FIDELITY BOND AND OTHER INSURANCE

GALIC's insurance coverage is administered through MetLife Inc., which purchases insurance coverage for itself and its subsidiaries. The Company is included on a Financial Institution Bond issued by AXIS Reinsurance Company that has limits of liability of \$20,000,000 per single loss and \$40,000,000 aggregate, with a \$5,000,000 deductible. GALIC is also included on an Excess Fidelity and Crime Policy issued by RLI Insurance Company that has additional coverage limits of liability of \$30,000,000 per single loss and \$60,000,000 aggregate, with a \$5,000,000 deductible. The MetLife companies' \$100,000,000 aggregate fidelity coverage substantially complies with the suggested minimum amount of fidelity insurance prescribed by the NAIC.

The Company is also covered by a number of other insurance policies, including directors' and officers' liability, commercial general liability, property insurance, commercial umbrella liability, computer crime coverage, excess catastrophe liability, managed care errors and omissions, and other insurance coverage. The Company appears to be adequately protected by its insurance coverage.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

General American Life Insurance Company has no employees. All staffing needs are provided through an affiliated company service agreement with MetLife Group, Inc., a subsidiary of MetLife, Inc. Employees receive a comprehensive benefits package which includes health care and dental coverage, short-term and long-term disability coverage, life insurance coverage, automobile and home insurance at group rates, paid vacation and holidays, educational benefits, a defined benefit retirement plan, a savings and investment plan, and various other benefits. Employee benefit expenses are allocated to the Company through the Service Agreement with MetLife Group, Inc. on a monthly basis. Details of that plan were properly disclosed in the Company's December 31, 2013, financial statements.

TERRITORY AND PLAN OF OPERATION

General American Life Insurance Company is licensed in Missouri under Chapter 376 (Life and Accident Insurance) to write life insurance, annuities, endowments, accident and health insurance, and variable contracts. The Company is licensed in all states except New York, and is also licensed in Washington D.C. and Puerto Rico and is a qualified reinsurer in Canada.

The MetLife, Inc. group of companies has six management segments or lines of business, including Individual, Institutional, International, Automobile and Home, Reinsurance and Corporate, and Other. GALIC's business lines are included in the Individual business segment. The Individual business segment is comprised of life insurance companies' products, primarily life insurance and annuities, sold to individuals through their respective distribution channels.

Although GALIC distributed its insurance products through a national network of general agencies and independent brokers, the Company has had no direct written business since 2008. Effective January 1, 2011, GALIC began reinsuring participating whole-life insurance policies written by its affiliates, MetLife Investors USA Insurance Company and Metropolitan Life Insurance Company.

GROWTH OF COMPANY

The table below shows the changes in General American Life Insurance Company's capital, surplus, and premium income for a four-year period including the current financial examination period. The premiums and surplus have decreased because the Company no longer writes new direct business. However, the premiums-to-surplus ratio has remained relatively consistent. All balances are expressed in thousands.

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Direct Written Premiums *	\$ 603,458	\$ 567,889	\$ 525,816
Capital and Surplus	\$ 825,148	\$ 872,933	\$ 818,080
Premiums-to-Surplus Ratio	73%	65%	64%
% Change in Written Premiums	-5.46%	-5.89%	-7.41%
% Change in Policyholder Surplus	-12.59%	-5.79%	-6.28%
<i>*Excludes Deposit-Type Contracts of:</i>	\$ 731,004	\$ 1,592,702	\$ 1,091,400

LOSS EXPERIENCE

The following table shows the underwriting results of the Company over the past five years. All balances are expressed in thousands.

	2011	2012	2013
Premium Revenues	\$ 350,896	\$ 519,664	\$ 586,953
Total Benefits and Expenses	\$ 809,760	\$ 945,026	\$ 988,035
Investment Income	\$ 496,049	\$ 497,474	\$ 519,136
Net Income	\$ 127,816	\$ 19,088	\$ 60,223

The Company's underwriting results have been positive over the past five years. Premium revenues have increased primarily through business assumed from affiliates.

REINSURANCE

General

During the current examination period, the Company began assuming participating whole-life business from two affiliates. The Company also assumes business from a non-affiliate which is fully retroceded. The Company cedes business in order to limit losses and to minimize exposure to significant risks, including catastrophes. There have been no new cession agreements effected, nor have there been any significant changes to existing agreements during the current examination period. Premiums and annuity considerations reported during the current examination period were as follows:

	2011	2012	2013
Direct	\$ 608,444,967	\$ 565,110,735	\$ 515,922,811
Assumed:			
Affiliates	83,900,754	223,199,431	335,577,835
Non-affiliates	235,242,561	242,445,960	235,496,340
Ceded:			
Affiliates	(183,761,158)	(136,239,754)	(114,362,711)
Non-affiliates	(392,930,628)	(374,852,398)	(385,681,347)
Net	\$ 350,896,496	\$ 519,663,974	\$ 586,952,928

Assumed

The Company began assuming participating whole-life business from affiliates in order to facilitate the affiliates' paying of equivalent dividends. The Company assumes business from a non-affiliate as part of a legacy pass-through agreement. At year-end 2013, the three agreements described below represented 99.3% of assumed premiums, 98.9% of assumed reserves and 97.4% of reinsurance payable on paid and unpaid losses.

Affiliates

Under an agreement that became effective January 1, 2011, the Company assumes from its affiliate, MetLife Investors USA Insurance Company, on a coinsurance basis, 90% of the risk and premium on Par Whole Life policies issued by the affiliate. For the year ended December 31, 2013, the Company assumed \$266.3 million in premiums under this agreement.

Under an agreement that became effective January 1, 2011, the Company assumes from its affiliate, Metropolitan Life Insurance Company, on a coinsurance basis, 90% of the risk and premium on Par Whole Life policies issued by the affiliate. For the year ended December 31, 2013, the Company assumed \$68.5 million in premiums under this agreement.

Non-affiliates

Under an agreement that became effective July 1, 1990, the Company assumes individual life business from RGA Life Reinsurance Company of Canada on a yearly-renewable-term (YRT) basis. The Company retrocedes this business to RGA Reinsurance Company, an affiliate of RGA Life Reinsurance Company of Canada. At the time the treaty became effective, RGA Reinsurance Company was a subsidiary of the Company; the agreement supported the development of RGA Reinsurance Company's Canadian business. For the year ended December 31, 2013, the Company assumed \$232.1 million in premiums under this agreement.

Ceded

Historically, the Company reinsured mortality risk on an excess of retention or quota share basis. Prior to adopting new retention guidelines in 2005, the Company reinsured up to 90% of the mortality risk for all new individual life policies. Beginning in 2005, the Company reinsures 90% of the mortality risk in excess of \$1 million. The Company also reinsures certain classes of risks in order to limit exposure to certain travel, avocation or lifestyle hazards. For accident and health business, the Company cedes its individual disability risk on a quota share basis. At year-end 2013, the agreements described below accounted for 73.7% of ceded premiums, 73.9% of current year reserve credit taken, and 100.0% of funds withheld under coinsurance.

Affiliates

Under an agreement with Metropolitan Life Insurance Company, an affiliate, the Company cedes 100% of its liability for retained asset accounts (TCA) associated with individual life policies on a coinsurance basis. The TCA is a settlement option that is supplementary to the insurance contract. The agreement became effective January 1, 2001. At year-end 2013, the Company reported \$273 million in reserve credit taken associated with this agreement.

Under an agreement that became effective January 1, 2005, the Company cedes 100% of its liabilities associated with universal life policies with secondary guarantees, certain joint survivorship policies, and certain term life policies to MetLife Investors USA

Insurance Company, an affiliate. For the year ending December 31, 2013, the Company ceded \$117.9 million in premiums under this agreement.

Non-affiliates

Under an agreement that became effective January 1, 1993, the Company cedes 100% of the individual life business it assumes from RGA Life Reinsurance Company of Canada to RGA Reinsurance Company. The business is assumed on a YRT basis and retroceded on a coinsurance with funds withheld basis. For the year ending December 31, 2013, the Company ceded \$230.3 million in premiums under this agreement. At year-end, the Company reported \$470.2 million in funds withheld under coinsurance related to this agreement.

Under an agreement that became effective April 1, 2002, the Company cedes 90% of its liabilities associated with permanent single life policies to Security Life of Denver Insurance Company. For the year ending December 31, 2013, the Company ceded \$12.8 million in premiums under this agreement.

Under an agreement that became effective December 31, 1992, the Company cedes 80% of its liabilities associated with individual disability policies to Paul Revere Life Insurance Company. All claims administration functions are performed by the reinsurer. For the year ending December 31, 2013, the Company ceded \$7.4 million in premiums under this agreement.

ACCOUNTS AND RECORDS

General

The Company uses a commercial software accounting system (PeopleSoft) for general ledger, accounts payable, and payroll. Significant operational functions (billing, actuarial, claims, underwriting) are maintained on client-server applications developed internally.

Independent Accountants

Deloitte and Touche LLP, an independent accounting firm audits the Company annually. We reviewed workpapers from the 2012 and 2013 audits and used workpapers from those audits as deemed appropriate.

Actuarial Opinion

Ruskin J. Adams, FSA, MAAA, Appointed Actuary of the Company, reviewed and certified the reserves and related actuarial items as of year-end 2013.

Pursuant to a contract with the Department, Lori Newberg, FSA, MAAA, of Miller & Newberg Consulting Actuaries, reviewed the adequacy of the Company's reserves and related actuarial items at December 31, 2013. Her analysis concluded that all actuarial items included in the review were fairly stated in accordance with accepted actuarial loss reserving standards and principles, met the requirements of the insurance laws of

Missouri, and reasonably provided for all unpaid loss and related obligations of the Company under the terms of its policies and agreements.

Information Systems

Andy Balas, CFE, AES, CPA, Information Systems Financial Examiner with the Department, conducted a review of the Company's information systems. He did not identify any significant weaknesses.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri Department of Insurance, Financial Institutions and Professional Registration as of December 31, 2013, had sufficient values to meet the deposit requirement for the state of Missouri per Section 376.290 RSMo (Trust Deposits) and Section 375.460 RSMo (Deposits with director):

<u>Type of Security</u>	<u>Market Value</u>	<u>Statement Value</u>
US Treasury Note	\$5,554,700	\$5,007,773

Deposits with Other States

The Company has funds on deposit with other states in which it is licensed. Those funds on deposit as of December 31, 2013, were as follows:

<u>State</u>	<u>Type of Security</u>	<u>Market Value</u>	<u>Statement Value</u>
Arkansas	US Treasury Bond	\$ 122,547	\$ 108,227
California	US Treasury Bond	400,000	400,000
Georgia	US Treasury Bond	99,985	90,140
New Mexico	US Treasury Bond	116,649	105,163
North Carolina	US Treasury Bond	506,079	455,381
Oklahoma	US Treasury Bond	138,868	125,194
Texas	US Treasury Bond	5,413,255	5,029,271
Virginia	US Treasury Bond	534,365	519,845
	TOTALS	\$ 7,331,748	\$ 6,833,221

In addition, the Company had over \$1.1 billion in special deposits with the Canadian government.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2013, and the results of operations for the year then ended. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statements," which follow the financial statements.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statements." These differences were determined to be immaterial in relation to the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual Annual Statement item.

BALANCE SHEET
As of December 31, 2013

Assets

Line	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 7,126,376,463	\$ -	\$ 7,126,376,463
Preferred stocks (stocks)	20,003,310	-	20,003,310
Common stocks (stocks)	74,676,897	-	74,676,897
First liens - mortgage loans on real estate	809,753,749	-	809,753,749
Properties occupied by the company	6,299,523	-	6,299,523
Properties held for the production of income	43,134,781	-	43,134,781
Cash, cash equivalents and short-term investments	190,681,260	-	190,681,260
Contract loans	1,756,558,816	-	1,756,558,816
Derivatives	62,866,089	-	62,866,089
Other invested assets	457,053,405	14,425,083	442,628,322
Receivables for securities	5,151,840	-	5,151,840
Deposits in connection with investments	637,379	-	637,379
Investment income due and accrued	102,063,870	-	102,063,870
Uncollected premiums and agents' balances in the course of collection	107,452,483	10,604	107,441,879
Deferred premiums, agents' balances & installments booked but not yet due	49,938,920	-	49,938,920
Amounts recoverable from reinsurers (reinsurance)	63,474,917	-	63,474,917
Other amounts receivable under reinsurance contracts (reinsurance)	11,346,010	-	11,346,010
Net deferred tax asset	192,426,713	85,825,082	106,601,631
Guaranty funds receivable or on deposit	5,699,141	-	5,699,141
Electronic data processing equipment and software	3,282,267	3,282,267	-
Furniture and equipment	100,061	100,061	-
Receivables from parent, subsidiaries and affiliates	8,000,869	-	8,000,869
Health care and other amounts receivable	528	528	-
Cash surrender value of company insured deferred comp outside Rabbi Trust	<u>119,439,987</u>	<u>1,490,897</u>	<u>117,949,090</u>
Total assets excluding Separate Accounts	11,216,419,278	105,134,522	11,111,284,756
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>914,402,757</u>	<u>-</u>	<u>914,402,757</u>
Total assets	<u>\$ 12,130,822,035</u>	<u>\$ 105,134,522</u>	<u>\$ 12,025,687,513</u>

BALANCE SHEET
As of December 31, 2013

Liabilities

Aggregate reserve for life contracts	\$ 7,382,240,434
Aggregate reserve for accident and health contracts	45,505,357
Liability for deposit-type contracts	1,058,653,560
Life (contract claims)	76,151,168
Accident and health (contract claims)	57,711
Policyholders' dividends and coupons due and unpaid	1,200,111
Dividends apportioned for payment	128,358,472
Premiums and annuity considerations for life and accident and health contracts received in advance	4,425,231
Other amounts payable on reinsurance	64,911,479
Interest maintenance reserve (contract liabilities not included elsewhere)	20,899,343
Commissions to agents due or accrued-life and annuity contracts	603,463
Commissions and expense allowances payable on reinsurance assumed	47,741,690
General expenses due or accrued	150,204
Transfers to Separate Accounts due or accrued (net)	1,222,876
Taxes, licenses and fees due or accrued, excluding federal income taxes	7,141,926
Current federal and foreign income taxes	25,413,892
Unearned investment income	26,291,306
Amounts withheld or retained by company as agent or trustee	12,943,002
Amounts held for agents' account, including \$470696 agents' credit balances	470,696
Remittances and items not allocated	4,551,670
Net adjustment in assets and liabilities due to foreign exchange rates	35,255,392
Liability for benefits for employees and agents if not included above	30,204,819
Borrowed money and interest thereon	8,287,605
Asset valuation reserve (miscellaneous liabilities)	111,164,001
Reinsurance in unauthorized and certified (\$0) companies (miscellaneous liabilities)	182,799
Payable to parent, subsidiaries and affiliates (miscellaneous liabilities)	1,575,909
Funds held under coinsurance (miscellaneous liabilities)	470,208,942
Derivatives	13,306,375
Payable for securities lending (miscellaneous liabilities)	636,878,243
Cash collateral on derivatives	55,000,531
Other obligations due and unpaid	7,846,173
Claim stabilization reserve	7,094,994
Legal contingency reserve	6,315,849
Liability for real estate capital improvements	950,033
Total liabilities excluding Separate Accounts business	10,293,205,256
From Separate Accounts statement	<u>914,402,757</u>
Total liabilities	<u>\$ 11,207,608,013</u>

**BALANCE SHEET
As of December 31, 2013**

Capital and Surplus

Common capital stock	\$ 3,000,000
Surplus notes	110,739,427
Gross paid in and contributed surplus	605,419,093
Unassigned funds (surplus)	<u>98,920,980</u>
Surplus (including \$0 in Separate Accounts statement)	<u>815,079,500</u>
Totals of common and preferred stock and surplus	<u>818,079,500</u>
Totals of liabilities, common and preferred stock and surplus	<u><u>\$12,025,687,513</u></u>

INCOME STATEMENT
For Year Ending December 31, 2013

Premiums and annuity considerations for life and accident and health contracts	\$ 586,952,926
Considerations for supplementary contracts with life contingencies	9,840,976
Net investment income	519,136,034
Amortization of Interest Maintenance Reserve (IMR)	1,253,841
Commissions and expense allowances on reinsurance ceded	83,188,758
Reserve adjustments on reinsurance ceded	(8,040,550)
Income from fees associated with Separate Accounts	6,864,265
Aggregate write-ins for miscellaneous income	(9,941,833)
Totals	<u>1,189,254,417</u>
Death benefits	306,598,079
Matured endowments (excluding guaranteed annual pure endowments)	2,863,038
Annuity benefits	17,552,210
Disability benefits and benefits under accident and health contracts	9,189,875
Surrender benefits and withdrawals for life contracts	339,458,639
Interest and adjustments on contract or deposit-type contract funds	15,345,192
Payments on supplementary contracts with life contingencies	12,696,477
Increase in aggregate reserves for life and accident and health contracts	51,653,408
Totals	<u>755,356,918</u>
Commissions on premiums, annuity considerations and deposit-type contract funds	13,151,168
Commissions and expense allowances on reinsurance assumed	208,504,313
General insurance expenses	40,648,802
Insurance taxes, licenses and fees, excluding federal income taxes	7,123,043
Increase in loading on deferred and uncollected premiums	3,649,829
Net transfers to or (from) Separate Accounts net of reinsurance	(189,322,795)
Aggregate write-ins for deductions	148,923,771
Totals	<u>988,035,049</u>
Net gain from operations before dividends to policyholders and federal income taxes	201,219,368
Dividends to policyholders	129,108,402
Net gain from operations after dividends to policyholders, before federal income taxes	<u>72,110,966</u>
Federal and foreign income taxes incurred (excluding tax on capital gains)	53,603,404
Net gain from operations before realized capital gains or (losses)	<u>18,507,562</u>
Net realized capital gains or (losses)	<u>41,715,909</u>
Net income	<u><u>\$ 60,223,471</u></u>

RECONCILIATION OF SURPLUS
Changes from December 31, 2010 to December 31, 2013

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Capital and surplus, December 31, prior year	\$ 943,973,309	\$ 825,148,364	\$ 872,933,224
Net income	127,815,678	19,087,743	60,223,471
Change in net unrealized capital gains (losses)	16,314,420	(2,824,382)	14,121,518
Change in net unrealized foreign exchange capital gain (loss)	(23,733,767)	24,408,015	(55,715,570)
Change in net deferred income tax	(46,299,420)	(28,800,045)	30,980,466
Change in nonadmitted assets	42,207,059	52,197,307	(53,921,400)
Change in liability for reinsurance	(17,060)	(53,362)	19,709
Change in asset valuation reserve	(31,003,958)	4,875,330	(31,208,606)
Change in surplus notes	(339,948)	-	-
Cumulative effect of changes in accounting	-	2,292,185	-
Paid in (surplus adjustments)	(72,565,732)	-	-
Change in surplus as a result of reinsurance	(13,291,132)	(20,513,931)	(19,242,215)
Dividends to stockholders	(110,854,268)	-	-
Aggregate write-ins for gains and losses in surplus	(7,056,817)	(2,884,000)	(111,097)
Net change in capital and surplus for the year	<u>(118,824,945)</u>	<u>47,784,860</u>	<u>(54,853,724)</u>
Capital and surplus, December 31, current year	<u>\$ 825,148,364</u>	<u>\$ 872,933,224</u>	<u>\$ 818,079,500</u>

EXAMINATION CHANGES

There are no changes in the financial statements as a result of this examination.

COMMENTS ON FINANCIAL STATEMENTS

There are no comments on the Company's financial statements.

SUMMARY OF RECOMMENDATIONS

There are no recommendations as a result of this examination.

