



# DEPARTMENT OF COMMERCE & INSURANCE

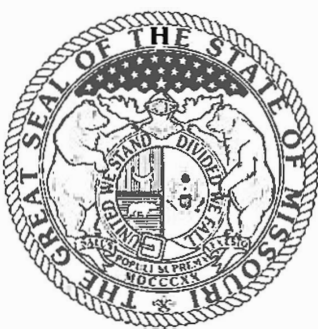
P.O. Box 690, Jefferson City, Mo. 65102-0690

## ORDER

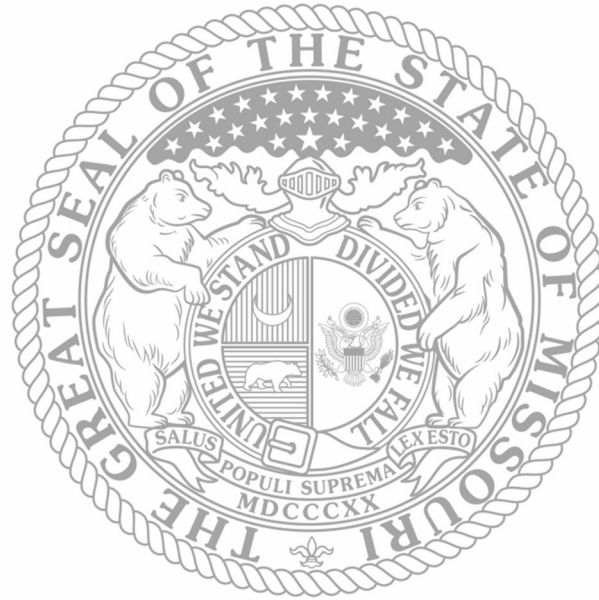
After full consideration and review of the report of the financial examination of Sunset Life Insurance Company of America for the period ended December, 31, 2019, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director of the Missouri Department of Commerce and Insurance 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 finding, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Sunset Life Insurance Company of America as of December 31, 2019 be and is hereby ADOPTED as filed and for Sunset Life Insurance Company of America 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) 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 18<sup>th</sup> day of December, 2020.



*Chlora Lindley-Myers*  
Chlora Lindley-Myers, Director  
Department of Commerce and Insurance



REPORT OF THE  
FINANCIAL EXAMINATION OF

# SUNSET LIFE INSURANCE COMPANY OF AMERICA

AS OF  
DECEMBER 31, 2019

STATE OF MISSOURI  
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Kansas City, MO  
November 13, 2020

Honorable Chlora Lindley-Myers, Director  
Missouri Department of Commerce and Insurance  
301 West High Street, Room 530  
Jefferson City, Missouri 65101

Director Lindley-Myers:

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

**Sunset Life Insurance Company of America (NAIC #69272)**

hereinafter referred to as such, as Sunset Life, or as the Company. Its administrative office is located at 3520 Broadway Kansas City, MO 64111, telephone number (816) 753-7000. The fieldwork for this examination began on February 3, 2020, and concluded on the above date.

**SCOPE OF EXAMINATION**

**Period Covered**

The Missouri Department of Commerce and Insurance (Department) has performed a multiple-state financial examination of Sunset Life. The last examination of the Company by the Department covered the period of January 1, 2010 through December 31, 2014. The current examination covers the period of January 1, 2015 through December 31, 2019, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report.

**Procedures**

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook (Handbook)*, except where practices, procedures, and applicable regulations of the Department or statutes of the state of Missouri prevailed. The *Handbook* requires that we 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 the identification and evaluation of significant risks that could cause the Company's surplus to be materially misstated, both on a current and prospective basis.

This examination also included a review of significant estimates made by management and evaluation of 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.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Those activities considered in the examination as key to Sunset Life included Investments, Underwriting, Claims Handling/Reserving, Reinsurance, Related Parties, Separate Accounts, and Other Assets/Other Liabilities. The examination also included a review and evaluation of information technology general controls.

This examination was conducted as part of a coordinated examination of the Kansas City Life Insurance Group, which consists of four insurance companies domiciled in two states. The Missouri Department of Commerce and Insurance is the lead state regulator for the group. Along with Missouri, Ohio participated in the coordinated examination. The examination was also conducted concurrently with the examinations of the Company's affiliates, Kansas City Life Insurance Company (KC Life), Old American Insurance Company (Old American), and Grange Life Insurance Company (Grange Life).

This examination report includes significant findings of fact, as mentioned in Section 374.205 RSMo (Examination, director may conduct, when...) and general information about the Company 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 are separately communicated to other regulators and/or the Company.

### **SUMMARY OF SIGNIFICANT FINDINGS**

There were no material adverse finding, significant non-compliance issues, or material changes to the financial statements noted during the examination.

### **COMPANY HISTORY**

#### **General**

Sunset Life Insurance Company of America was incorporated as a stock life insurance company under the laws of the State of Washington on May 12, 1937. Sunset Life was a wholly-owned subsidiary of American Underwriters Corporation (AUC), until AUC was voluntarily dissolved in October of 1960. Upon dissolution, Sunset Life's shares of stock were distributed to the owners of AUC.

In early 1974, KC Life made a tender offer for all of the outstanding common stock of Sunset Life and by December 31, 1975, KC Life had purchased 96.8% of the outstanding stock. A capital restructuring was completed in December of 1990, which resulted in KC Life owning 100% of the outstanding common stock of Sunset Life. On December 23, 1999, Sunset Life was re-domiciled from Washington to Missouri.

#### **Mergers, Acquisitions, and Major Corporate Events**

On July 27, 2015, KC Life announced its intentions to suspend registration of its common stock under Section 12(b) of the Securities Exchange Act of 1934 and terminate the listing of its common stock on the NASDAQ Capital Market. In December 2015, KC Life completed a reverse/forward stock split transaction. This transaction occurred as part of a 1-for-250 reverse stock split of KC Life's common stock. KC Life purchased approximately 9% of outstanding shares (around 906,500 shares) for a total of \$47.6 million. KC Life subsequently completed a 250-for-1 forward stock split for each one share of its common stock (including each fractional share of such class of stock in excess of one share). The purpose of the transaction was to allow KC Life to deregister from the Securities and Exchange Commission and to delist its common stock from NASDAQ Capital Market. These activities were effective as of December 16, 2015. Effective January 4, 2016, KC Life began trading on the OTCQX Market, an "over-the-counter" exchange.

On October 1, 2018, KC Life acquired all of the issued and outstanding stock of Grange Life from its then parent Grange Mutual Casualty Company for approximately \$75 million. At the time of the acquisition, Grange Life reported approximately \$390.7 million of statutory admitted assets

and \$41.1 million of capital and surplus. Grange Life is a life insurance company domiciled in the state of Ohio and licensed in fifteen states to sell traditional life insurance, universal life, and fixed annuity products.

### **Dividends and Capital Contributions**

Sunset Life paid ordinary dividends to its sole stockholder, KC Life, in all but one year under examination. The dividend payments are summarized in the table below:

<b>Year</b>	<b>Amount</b>
2015	\$ 5,350,000
2016	-
2017	3,000,000
2018	2,500,000
2019	2,000,000
<b>Total</b>	<b>\$ 12,850,000</b>

There were no capital contributions during the examination period.

### **Surplus Notes**

There were no surplus notes issued or outstanding during the examination period.

## **MANAGEMENT AND CONTROL**

### **Board of Directors**

The management of the Company is vested in a Board of Directors that are elected by the stockholders on an annual basis. The Company's Articles of Incorporation specify that there shall be less than nine and no more than twenty-one directors. The Board of Directors elected and serving as of December 31, 2019, were as follows:

<b><u>Name and Address</u></b>	<b><u>Principal Occupation and Business Affiliation</u></b>
R. Philip Bixby Kansas City, Missouri	President and Chairman of the Board KC Life
Walter E. Bixby Kansas City, Missouri	Executive Vice President and Vice Chairman of the Board KC Life
Scott E. Harvison Kansas City, Missouri	Associate Counsel KC Life
Aaron L. Bush Kansas City, Missouri	Vice President and Corporate Actuary KC Life
James P. Bixby Kansas City, Missouri	Assistant Vice President, Underwriter, Point of Sale KC Life
Nancy B. Hudson Kansas City, Missouri	Director KC Life and Old American

Mark A. Milton Kansas City, Missouri	Senior Vice President and Actuary KC Life
Philip A. Williams Kansas City, Missouri	Senior Vice President, Finance KC Life
Donald E. Krebs Kansas City, Missouri	Senior Vice President, Sales and Marketing KC Life

**Senior Officers**

According to Sunset Life’s Bylaws, the officers of the Company shall be chosen by the Board of Directors on an annual basis and shall consist of a Chairman of the Board, a Vice Chairman of the Board, a President, one or more Vice Presidents, a Secretary, one or more Assistant Secretaries, a Treasurer, and one or more Assistant Treasurers. The Directors may also elect any such other officers as they may deem advisable. The officers elected and serving, as of December 31, 2019, were as follows:

<b><u>Name</u></b>	<b><u>Office</u></b>
R. Philip Bixby	President and Chairman of the Board
Walter E. Bixby	Vice Chairman of the Board
Scott E. Harvison	Secretary
David A. Laird	Vice President and Controller
Bryce A. Johnson	Treasurer and Assistant Controller
Donald E. Krebs	Vice President, Sales and Marketing
Mark A. Milton	Vice President and Actuary
Philip A. Williams	Vice President, Finance

**Principal Committees**

The Company’s Bylaws authorize an Executive Committee and any such additional committees as deemed necessary by the Board of Directors. Sunset Life utilizes the Investment Committee and Audit Committee of its direct parent, Kansas City Life Insurance Company. The established committees and the members elected and serving as of December 31, 2019, were as follows:

**Executive Committee**

R. Philip Bixby\*  
Walter E. Bixby  
Scott E. Harvison  
Mark A. Milton  
Philip A. Williams

**Nominating Committee**

R. Philip Bixby\*  
Walter E. Bixby  
Philip A. Williams

\*Denotes Committee Chairman



**Corporate Records**

The Company's Articles of Incorporation and Bylaws were reviewed. There were no revisions to the Articles of Incorporation during the examination period. There was one amendment to the Bylaws during the examination period. Effective July 22, 2016, the Company's Bylaws were amended to expand who has the authority to call for a special meeting of the Board of Directors and to clarify the powers, duties, and authority of various officers. The minutes of the stockholder's meetings, Board of Directors' meetings, and committee meetings were reviewed for the period under examination.

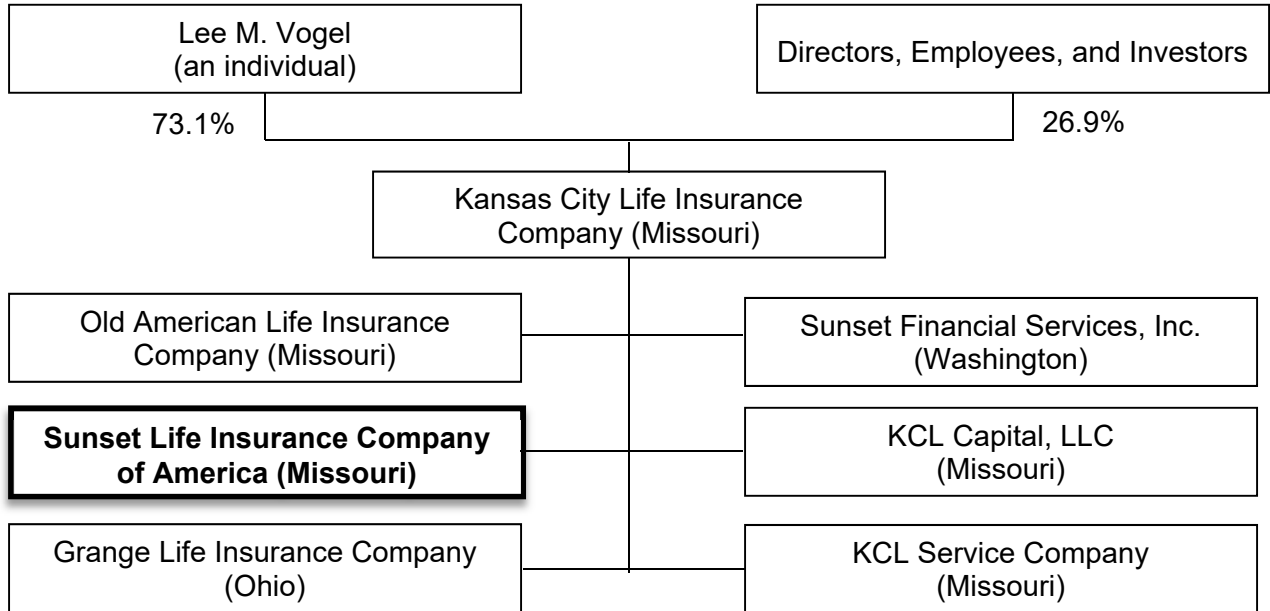
**Holding Company, Subsidiaries, and Affiliates**

Sunset Life is a member of an insurance holding company system, as defined by Section 382.010 RSMo (Definitions). The Company is a wholly-owned subsidiary of Kansas City Life Insurance Company. KC Life is a life and health insurer organized as a Missouri corporation. The holding company system includes two other life and health insurers, Old American Insurance Company, a Missouri-domiciled insurer, and Grange Life Insurance Company, an Ohio-domiciled insurer. The holding company system also includes three other affiliates that are related to the insurance operations. Sunset Financial Services, Inc., a Washington corporation, markets KC Life's variable products and performs investment services for policyholders. The other subsidiaries are currently inactive or do not have any significant operations.

Lee M. Vogel, an individual, is the ultimate controlling person within the KC Life holding company system, pursuant to a 2004 stock voting agreement that grants him majority control of the Company's stock. As of December 31, 2019, Mr. Vogel owned 73.1% of KC Life's outstanding shares. Minority interest shareholders consisting of directors, employees, and institutional investors constitute the remaining shareholders of KC Life.

**Organizational Chart**

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2019. All subsidiaries are wholly-owned unless otherwise noted.



**Intercompany Transactions**

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2019. A brief description of these agreements are as follows:

**Tax Allocation Agreement:** Each of the companies within the KC Life Insurance Group holding company system is party to the Tax Allocation Agreement that has been in effect since December 31, 2008, with an addendum in October 1, 2018 to add Grange Life to the agreement. The KC Life Insurance Group files a consolidated federal income tax return each year. The portion of the consolidated tax liability allocated to each subsidiary is based upon the subsidiary’s tax liability on a stand-alone basis.

**Intercompany Affiliate Service Agreement:** KC Life and Sunset Life have been parties to the Intercompany Affiliate Service Agreement since October 1, 2008. This agreement outlines the companies’ desire to share in the use of certain administrative and special services (known as “services”), as well as the use of day-to-day operations of certain property, equipment, and facilities (referred to as “facilities”). Examples of services include, but are not limited to, accounting, tax, auditing, underwriting, claims, investment, and other functional services such as actuarial, information technology and communications, and legal services. Facilities include data processing, communication, and other equipment, as well as business property.

**Intercompany Retained Asset Program for Benefit Payments Agreement:** KC Life, Old American, and Sunset Life are all party to an agreement known as the Intercompany Retained Asset Program for Benefit Payments Agreement. Under the terms of this agreement, certain benefit payments for each party will be paid through a KC Life corporate account with State Street banks. Retained asset checking accounts are established for beneficiaries of death claims, as well as cash surrenders in excess of \$10,000 for each insurance company under the agreement.

Each party funds its own account for disbursement liabilities. This arrangement has been in effect since January 1, 2006.

### TERRITORY AND PLAN OF OPERATION

Sunset Life Insurance Company of America is licensed by the Missouri Department of Commerce and Insurance under Chapter 376 RSMo (Life, Health and Accident Insurance) to provide the following kinds of insurance: life, accident and health, and variable contracts. As of December 31, 2019, the Company was licensed to transact business in 43 states and the District of Columbia.

Sunset Life maintains its current block of business, but does not produce new sales. The Company's individual insurance products include both traditional and interest-sensitive products.

### GROWTH OF COMPANY AND LOSS EXPERIENCE

Sunset Life's premiums decreased approximately \$1.7 million, or 20%, from 2015 to 2019, which is not unexpected as the Company is in run-off. The table below summarizes the Company's growth and loss experience for the period under examination.

(\$000s omitted)

Year	Net Premiums Written	Change in Net Premiums	Benefit and Loss Payments	Capital and Surplus	Ratio of Net Premiums to Surplus	Net Income (Loss)
2015	\$ 8,328	(7,636)	\$ 27,064	\$ 29,384	34.6%	\$ 2,750
2016	6,920	(1,407)	26,587	32,357	25.6%	2,653
2017	9,137	2,217	28,340	25,228	45.9%	(3,679)
2018	8,173	(964)	26,380	24,691	42.2%	2,056
2019	6,656	(1,516)	19,910	24,892	34.0%	2,463

### REINSURANCE

#### General

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

(\$000s omitted)

Premium Type	2015	2016	2017	2018	2019
Direct Premiums Written	\$ 18,514	\$ 16,892	\$ 18,333	\$ 17,351	\$ 14,298
Reinsurance Assumed:					
Affiliates	-	-	-	-	-
Non-Affiliates	-	-	-	-	-
Reinsurance Ceded:					
Affiliates	424	266	215	203	180
Non-Affiliates	9,763	9,706	8,981	8,976	7,461
<b>Net Premiums Written</b>	<b>\$ 8,328</b>	<b>\$ 6,920</b>	<b>\$ 9,137</b>	<b>\$ 8,173</b>	<b>\$ 6,656</b>

#### Assumed Reinsurance

Sunset Life does not assume any business.

### **Ceded Reinsurance**

Sunset Life cedes business under various reinsurance arrangements with affiliated and unaffiliated insurers. Reinsurance is primarily used to reinsure mortality risks in excess of the Company's maximum retention of \$350,000 and to help manage statutory capital. Reinsurance is also ceded on a facultative basis to utilize the underwriting expertise of the reinsurer and to assist with additional capacity.

Historically, mortality risks exceeding the retention have been ceded to a reinsurance pool. In 2001, new universal life plans were reinsured on a quota share yearly renewable term basis whereby the Company ceded up to 80% of the mortality risk. Effective January 1, 2002, Sunset Life reinsured 80% of the retained mortality risk on the in-force block under a YRT reinsurance agreement to a pool of four reinsurers. In June 2012, Sunset Life recaptured approximately 9% of the outstanding bulk reinsurance agreement.

Sunset Life ceded \$19.2 million in life reserves and reported a reinsurance recoverable of \$3.0 million in 2019. Its three largest reinsurers are Protective Life Insurance Company (\$4.3 million in ceded reserves), RGA Reinsurance Company (\$4.1 million in ceded reserves), and TransAmerica Life Insurance Company (\$2.9 million in ceded reserves). Sunset Life ceded an immaterial amount to its direct parent, KC Life. Sunset Life also ceded an immaterial amount to Scottish Re (US), Inc. All major reinsurers have at least an "A" financial strength rating from A.M. Best.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance contract.

## **ACCOUNTS AND RECORDS**

### **Independent Auditor**

The certified public accounting (CPA) firm, BKD, LLP (BKD), in Kansas City, Missouri, performed the statutory audit of the Company for the years 2016 through 2019. The Company's prior CPA firm, KPMG, LLP performed the statutory audit for 2015. Reliance was placed upon the CPA workpapers as deemed appropriate. Such reliance included, but was not limited to, journal entry testing, consideration of fraud, walkthroughs and testing controls, and substantive testing.

### **Actuarial Opinion**

The Company's actuarial opinion regarding reserves and other actuarial items was issued by Karen Dierker, FSA, MAAA, for all years in the examination period. Ms. Dierker is employed by Kansas City Life Insurance Group in the Company's home office in Kansas City, Missouri.

### **Consulting Actuary**

Pursuant to a contract with the Department, Randall Stevenson, ASA, MAAA, of Hause Actuarial Solutions, Inc., reviewed the underlying actuarial assumptions and methodologies used by Sunset Life to determine the adequacy of reserves and other actuarial items.

### **Information Systems**

In conjunction with this examination, Kim Dobbs, CFE, AES, CISA, Information Systems Financial Examiner with the Department, conducted a review of the Company's information systems.

## **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 Sunset Life for the period ending December 31, 2019. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the financial statements and should be considered an integral part of the financial statements. The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the “Comments on Financial Statement Items.” These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual key activity.

**ASSETS**

As of December 31, 2019

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$ 238,335,651	\$ -	\$ 238,335,651
Stocks:			
Preferred Stocks	1,150,225	-	1,150,225
Common Stocks	368,501	-	368,501
Mortgage Loans on Real Estate:			
First Liens	39,583,151	-	39,583,151
Cash, Cash Equivalents, and Short- Term Investments	7,506,397	-	7,506,397
Contract Loans	5,953,577	126	5,953,451
Other Invested Assets	17,896	17,896	-
Investment Income Due and Accrued	2,559,821	1,833	2,557,988
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in the Course of Collection	3,909	3,668	241
Deferred Premiums, Agents' Balances and Installments Booked but Deferred and Not Yet Due	398,468	-	398,468
Reinsurance:			
Amounts Recoverable from Reinsurers	850,475	3,933	846,542
Net Deferred Tax Asset	3,317,384	2,222,128	1,095,256
Guaranty Funds Receivable or on Deposit	6,704	-	6,704
Aggregate Write-Ins for Other-Than- Invested Assets	939	939	-
<b>TOTAL ASSETS</b>	<b>\$ 300,053,098</b>	<b>\$ 2,250,523</b>	<b>\$ 297,802,575</b>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

As of December 31, 2019

Aggregate Reserve for Life Contracts	\$ 253,514,464
Aggregate Reserve for Accident and Health Contracts	101
Liability for Deposit-Type Contracts	3,634,564
Contract Claims:	
Life	642,681
Accident and Health	1,000
Provision for Policyholders' Dividends and Coupons Payable in Following Calendar Year – Estimated Amounts:	
Dividends Apportioned for Payment	31,757
Coupons and Similar Benefits	2,195
Premiums and Annuity Considerations for Life and Accident and Health Contracts Received in Advance	15,889
Contract Liabilities Not Included Elsewhere:	
Interest Maintenance Reserve	1,174,153
Commissions to Agents Due or Accrued	4,835
General Expenses Due or Accrued	32,000
Taxes, Licenses, and Fees Due or Accrued, Excluding Federal Income Taxes	82,000
Current Federal and Foreign Income Taxes	42,771
Unearned Investment Income	20,052
Amounts Withheld or Retained by Company as Agent or Trustee	9,785,218
Remittances and Items Not Allocated	888,833
Liability for Benefits for Employees and Agents if Not Included Above	847,410
Miscellaneous Liabilities:	
Asset Valuation Reserve	1,850,000
Payable to Parent, Subsidiaries, and Affiliates	109,358
Aggregate Write-Ins for Liabilities	231,308
<b>TOTAL LIABILITIES</b>	<b>\$ 272,910,589</b>
Common Capital Stock	5,320,000
Gross Paid In and Contributed Surplus	12,717,600
Unassigned Funds (Surplus)	6,854,386
<b>TOTAL CAPITAL AND SURPLUS</b>	<b>\$ 24,891,986</b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b>\$ 297,802,575</b>

**SUMMARY OF OPERATIONS**

For the Year Ended December 31, 2019

Premiums and Annuity Considerations for Life and Accident and Health Contracts	\$ 6,656,480
Considerations for Supplementary Contracts with Life Contingencies	696,804
Net Investment Income	11,772,134
Amortization of Interest Maintenance Reserve	355,776
Commissions and Expense Allowances on Reinsurance Ceded	168,161
Miscellaneous Income:	
Charges and Fees for Deposit-Type Contracts	36
Aggregate Write-Ins for Miscellaneous Income	133
<b>Total Revenue</b>	<b>\$ 19,649,524</b>
Death Benefits	3,827,637
Matured Endowments	39,598
Annuity Benefits	8,807,994
Disability Benefits and Benefits Under Accident and Health Contracts	94,257
Coupons, Guaranteed Annual Pure Endowments, and Similar Benefits	2,015
Surrender Benefits and Withdrawals for Life Contracts	5,940,249
Interest and Adjustments on Contract or Deposit-Type Contract Funds	295,282
Payments on Supplementary Contracts with Life Contingencies	903,007
Increase in Aggregate Reserves for Life and Accident and Health Contracts	(5,672,292)
Commissions on Premiums, Annuity Considerations, and Deposit-Type Contract Funds	224,785
General Insurance Expenses	1,761,765
Insurance Taxes, License, and Fees, Excluding Federal Income Taxes	351,592
Increase in Loading on Deferred and Uncollected Premiums	1,787
Aggregate Write-Ins for Deductions	30,282
<b>Total Underwriting Deductions</b>	<b>\$ 16,607,957</b>
<b>Net Gain (Loss) From Operations Before Dividends to Policyholders and Federal Income Taxes</b>	<b>\$ 3,041,567</b>
Dividends to Policyholders	38,819
Federal and Foreign Income Taxes Incurred	541,302
Net Realized Capital Gains (Losses)	1,779
<b>NET INCOME (LOSS)</b>	<b>\$ 2,463,226</b>



**RECONCILIATION OF CAPITAL AND SURPLUS**  
Changes from January 1, 2015 to December 31, 2019

*(\$000's omitted)*

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Capital and Surplus, Beginning of Year	\$ 32,036	\$ 29,384	\$ 32,357	\$ 25,228	\$ 24,691
Net Income (Loss)	2,750	2,653	(3,679)	2,056	2,463
Change in Net Unrealized Capital Gains (Losses)					
Less Capital Gains Tax	(203)	198	12	(6)	-
Change in Net Deferred Income Tax	469	(274)	164	37	11
Change in Nonadmitted Assets	(520)	203	(540)	(90)	93
Change in Reserve on Account of Change in Valuation Basis (Increase) or Decrease	(123)	(57)	(111)	(108)	(116)
Change in Asset Valuation Reserve	325	250	25	75	(250)
Dividends to Stockholders	(5,350)	-	(3,000)	(2,500)	(2,000)
Net Change in Capital and Surplus	(2,652)	2,973	(7,129)	(536)	201
<b>Capital and Surplus, End of Year</b>	<b>\$ 29,384</b>	<b>\$ 32,357</b>	<b>\$ 25,228</b>	<b>\$ 24,691</b>	<b>\$ 24,892</b>

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

None.

**FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION**

None.

**SUMMARY OF RECOMMENDATIONS**

None.

**SUBSEQUENT EVENTS**

On March 11, 2020, The World Health Organization declared the spreading coronavirus (COVID-19) outbreak a pandemic. On March 13, 2020, United States (U.S.) President Donald J. Trump declared the coronavirus pandemic a national emergency in the United States. The epidemiological threat posed by COVID-19 is having disruptive effects on the economy, including disruption of the global supply of goods, reduction in the demand for labor, and reduction in the demand for U.S. products and services, resulting in a sharp increase in unemployment. The economic disruptions caused by COVID-19 and the increased uncertainty about the magnitude of the economic slowdown has also caused extreme volatility in the financial markets.

The full effect of COVID-19 on the United States and global insurance and reinsurance industry is still unknown at the time of releasing this report. The Department is expecting the COVID-19 outbreak to impact a wide range of insurance products resulting in coverage disputes, reduced liquidity of insurers, and other areas of operations of insurers. The Department and all insurance regulators with the assistance of the NAIC are monitoring the situation through a coordinated effort and will continue to assess the impacts of the pandemic on U.S. insurers.


**ACKNOWLEDGMENT**

The assistance and cooperation extended by the officers and the employees of Sunset Life Insurance Company of America during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Marc Peterson, CFE, Anna Duncan, Kim Waller, Alicia Galm, AFE, Ronald Musopole, CFE, and Kim Dobbs, CFE, AES, CISA, examiners for the Missouri Department of Commerce and Insurance, also participated in this examination.

**VERIFICATION**

State of Missouri                    )  
  )    ss  
County of Jackson                )

I, Sara McNeely, CFE, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of Sunset Life, its agents or other persons examined, or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs, and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

  
\_\_\_\_\_  
Sara McNeely, CFE  
Examiner-In-Charge  
Missouri Department of Commerce and  
Insurance

Sworn to and subscribed before me this 13<sup>th</sup> day of November, 2020.

My commission expires: 02/12/2023   
\_\_\_\_\_  
Notary Public

**RAMESHIA M. LUNN  
NOTARY PUBLIC-NOTARY SEAL  
STATE OF MISSOURI  
JACKSON COUNTY  
MY COMMISSION EXPIRES 2/12/2023  
COMMISSION # 19079686**

**SUPERVISION**

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the *Financial Condition Examiners Handbook* has been confirmed, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed.



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Shannon Schmoeger, CFE, ARe  
Chief Financial Examiner  
Missouri Department of Commerce and  
Insurance