

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Forethought Life Insurance Company)
10 West Market Street, Suite 2300)
Indianapolis, Indiana 46204)

Examination of: **Forethought Life Insurance Company**


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Forethought Life Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on June 15, 2021, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Forethought Life Insurance Company shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

July 21, 2021
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 6116

STATE OF INDIANA) BEFORE THE INDIANA
) SS:
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Forethought Life Insurance Company)
10 West Market Street, Suite 2300)
Indianapolis, Indiana 46204)

Examination of: **Forethought Life Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Forethought Life Insurance Company (hereinafter “Company”) for the time period January 15, 2015 through December 31, 2019.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 25, 2021.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on June 15, 2021 and was received by the Company on June 19, 2021.

The Company did not file any objections.

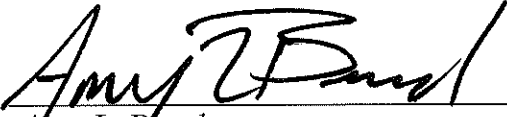
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Forethought Life Insurance Company as of December 31, 2019.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Forethought Life Insurance Company to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 21 day of
July, 2021.



Amy L. Beard
Insurance Commissioner
Indiana Department of Insurance

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

FORETHOUGHT LIFE INSURANCE COMPANY

NAIC COMPANY CODE 91642

NAIC GROUP CODE 3891

As of

December 31, 2019

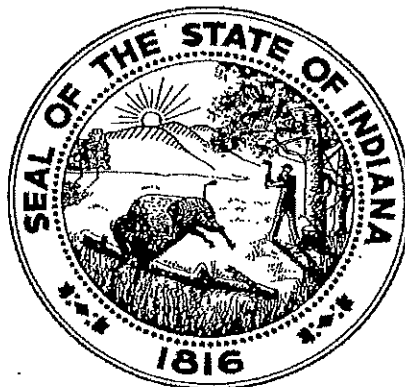


TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION.....	2
HISTORY.....	2
CAPITAL AND SURPLUS.....	3
DIVIDENDS TO STOCKHOLDERS.....	3
TERRITORY AND PLAN OF OPERATION.....	3
GROWTH OF THE COMPANY.....	4
MANAGEMENT AND CONTROL.....	4
Directors.....	4
Officers.....	5
Corporate Governance.....	6
CONFLICT OF INTEREST.....	6
OATH OF OFFICE.....	7
CORPORATE RECORDS.....	7
Articles of Incorporation.....	7
Bylaws.....	7
Minutes.....	7
AFFILIATED COMPANIES.....	7
Organizational Structure.....	7
Affiliated Agreements.....	8
FIDELITY BOND AND OTHER INSURANCE.....	9
STATUTORY AND SPECIAL DEPOSITS.....	10
REINSURANCE.....	10
Reinsurance Assumed.....	10
Reinsurance Ceded.....	10
RESERVES.....	11
ACCOUNTS AND RECORDS.....	12
FINANCIAL EXHIBITS.....	13
Assets.....	14
Liabilities, Surplus and Other Funds.....	15
Summary of Operations.....	17
Capital and Surplus Account.....	19
COMMENTS ON THE FINANCIAL STATEMENTS.....	20
OTHER SIGNIFICANT FINDINGS.....	20
SUBSEQUENT EVENTS.....	20
KKR & Co. Inc. (KKR) Acquisition of GAFG.....	20
Investment Management Agreement.....	20
Ordinary Dividend.....	20
Pandemic Risk.....	20
MANAGEMENT REPRESENTATION.....	21
AFFIDAVIT.....	22



STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/idoi

May 25, 2021

Honorable Amy L. Beard
Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4053, an examination has been made of the affairs and financial condition of:

Forethought Life Insurance Company
10 West Market Street, Suite 2300
Indianapolis, Indiana 46204

an Indiana domestic life and health insurance company, hereinafter referred to as the "Company" or "FLIC." The examination was conducted at the corporate offices of the Company located at 4 World Trade Center, 51st Floor, 150 Greenwich Street, New York, New York 10007.

The Report of Examination, showing the financial status of the Company as of December 31, 2019, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389 COMPANY COMPLIANCE 317-232-3495 CONSUMER SERVICES 317-232-2395/1-800-622-4461 FINANCIAL SERVICES 317-232-2390 MEDICAL MALPRACTICE 317-232-2402 COMPANY RECORDS 317-232-5692 STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of December 31, 2014. The present risk-focused examination was conducted by The Thomas Consulting Group, Inc. (Thomas Consulting) and covered the period from January 1, 2015 through December 31, 2019, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was performed on a coordinated basis with the INDOI, the Iowa Insurance Division, the Massachusetts Division of Insurance, and the Vermont Department of Financial Regulation. The INDOI served as the lead state for the coordinated examination.

In conducting the risk-focused examination, the INDOI, by its representatives, relied upon the independent audit reports and opinions contained therein rendered by PricewaterhouseCoopers LLP for each year of the examination period. Such reports were prepared on a statutory basis and reconciled to the financial statements contained in the respective Annual Statements.

The actuarial firm of Alberts Actuarial Consulting, LLC was appointed by the INDOI and conducted a review of the following accounts as of December 31, 2019: Uncollected premiums and agent balances in the course of collection, Deferred premiums, Aggregate reserves for life contracts, Aggregate reserves for accident and health contracts, Liability for deposit type contracts, Contract claims life, Contract claims accident and health, Premiums paid in advance, Funds held under reinsurance treaties with unauthorized and certified reinsurers, Funds held under coinsurance, and Separate Accounts.

In accordance with the 2019 NAIC *Financial Condition Examiners Handbook*, Thomas Consulting planned and performed the risk-focused examination to evaluate the financial condition of the Company and to identify prospective risks related to its operations. The examination process included an evaluation of corporate governance, identification and assessment of inherent risks, and documentation of system controls and procedures used to mitigate the identified risks. In addition, Thomas Consulting performed an assessment of the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The examination also included a review of the Company's compliance with Statutory Accounting Principles, Annual Statement Instructions, and the Indiana Insurance Code (IC). All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

HISTORY

The Company was formed on February 14, 1980 as a Delaware domestic insurer formally known as Fairfield Life Insurance Company. The Company operated as a wholly owned subsidiary of General Reassurance Corporation and acted primarily as a reinsurer of accident and health business. On July 1, 1986, Forethought, Inc., a subsidiary of Hillenbrand Industries, Inc. located in Batesville, Indiana, acquired 100% of the common stock of the Company from General Reinsurance Corporation of Stamford, Connecticut. Shortly thereafter, the Company was re-domesticated to Indiana and its name was changed to Forethought Life Insurance Company. Effective January 2, 2014, the Company became an indirect wholly owned subsidiary of Global Atlantic Financial Group Limited (GAFG) as a result of GAFG's acquisition of Forethought Financial Group, Inc.

Effective December 31, 2019, Forethought National Life Insurance Company (FNLIC), the Company's

affiliate, merged with and into the Company. The transaction was accounted for as a statutory merger and the Company assumed \$200,000 of common stock, which is reflected as contributed surplus.

CAPITAL AND SURPLUS

Pursuant to the Articles of Incorporation, the capital stock authorized for the Company is 2,000 shares of common stock with a par value of \$2,500 per share. As of December 31, 2019, the Company's reported total capital and surplus was \$1,889,049,177, which included: common capital stock of \$2,500,000, consisting of 1,000 issued and outstanding shares gross paid-in contributed surplus of \$1,302,873,348; and unassigned funds (surplus) of \$583,675,829. All issued and outstanding shares were 100% owned by Commonwealth Annuity and Life Insurance Company (CwA) as of December 31, 2019.

DIVIDENDS TO STOCKHOLDERS

The following exhibit represents the dividends paid by the Company to its shareholders during the examination period:

<u>Year</u>	<u>Ordinary Dividends</u>	<u>Extraordinary Dividends</u>
2019	\$ -	\$ -
2018	-	-
2017	-	315,000,000
2016	90,000,000	-
2015	-	-
Totals	<u>\$ 90,000,000</u>	<u>\$ 315,000,000</u>

The Company notified the INDOI of all declared ordinary dividends to the shareholders during the examination period in accordance with the requirements of IC 27-1-23-1.5. The extraordinary dividends were approved by INDOI in accordance with IC 27-1-23-4(g).

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact business in all states, except New York, and in the District of Columbia, as of December 31, 2019. The Company was licensed in the Commonwealth of Puerto Rico until June 2018, at which time its license was not renewed. The Company's primary lines of business are preneed insurance products and annuities.

The Company's preneed business offers products that are designed to provide funds to pay for pre-arranged funeral services, end of life expenses, and merchandise for individuals at a future time of need. The preneed insurance products are marketed primarily through independent licensed agents associated with funeral firms, and other providers of funeral and cemetery services.

The Company's annuity business offers insurance based financial products to the U.S. retirement market. The annuity products include fixed annuities, fixed indexed annuities, multi-year guaranteed annuities (MYGA), and variable annuities. The annuity products are offered and marketed primarily through

distribution relationships with regional banks, regional and independent broker-dealers, and independent marketing organizations across the U.S.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital & Surplus</u>	<u>Net Premiums Earned</u>	<u>Net Income</u>
2019	\$36,338,345,793	\$34,449,296,616	\$1,889,049,177	\$4,810,279,975	\$189,299,600
2018	31,172,858,857	29,484,218,266	1,688,640,591	4,820,380,714	111,991,331
2017	31,431,312,953	29,835,428,639	1,595,884,314	(4,463,194,469)	352,102,403
2016	24,910,992,470	23,278,823,264	1,632,169,205	5,416,245,992	83,879,919
2015	18,822,785,851	17,628,662,635	1,194,123,216	6,772,869,411	83,653,299

Note: Amounts are shown in whole dollars and rows may not total due to rounding.

The significant decrease in net premiums earned during 2017 was attributed to the ceding of 45% of the MYGAs, variable annuities, fixed indexed annuities, and preneed products to Global Atlantic Re Limited (GA Re). The large increase in net income during 2017 was primarily attributed to an increase in net investment income driven by growth in assets as a result of increased annuity sales. The Company reported positive net income in each of the five (5) years under examination.

MANAGEMENT AND CONTROL

Directors

The Company's Amended and Restated Bylaws (Bylaws) specify that the number of directors of the Company shall be not less than five (5) nor more than fifteen (15). The following five (5) persons were serving as directors as of December 31, 2019:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Robert M. Arena, Jr. Farmington, Connecticut	President Global Atlantic Financial Group Limited
David A. Jacoby New York, New York	Chief Accounting Officer Global Atlantic Financial Group Limited
Hanben K. Lee New York, New York	Chief Financial Officer Global Atlantic Financial Group Limited
Eric D. Todd Indianapolis, Indiana	President and Co-Portfolio Manager Global Atlantic Investment Advisors, LLC

David P. Wilken
Des Moines, Iowa

President, Life
Global Atlantic Financial Company

Officers

The Company's Bylaws state that the officers of the Company shall be a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers, or other officers as may from time to time be elected by the Board of Directors (Board). The following is a list of key officers and their respective titles as of December 31, 2019:

<u>Name</u>	<u>Title</u>
Robert M. Arena, Jr.	President
Hanben K. Lee	Executive Vice President
Anupam Agarwal	Chief Investment Officer
Padma Elmgart	Chief Technology Officer
David A. Jacoby	Chief Financial Officer
Lori A. LaForge	Chief Marketing Officer
Daniel P. O'Shea	Chief Human Resources Officer
Samuel Ramos	Chief Legal Officer and General Counsel
Peter J. Rugel	Chief Operations Officer
Andrew M. Shainberg	Chief Compliance Officer
Edward C. Wilson	Chief Risk Officer
Brian M. Hendry	Chief Audit Executive
Paula G. Nelson	Head of Retirement
David P. Wilken	Head of Life
Jason A. Bickler	Managing Director
April E. Galda	Managing Director
Jonathan Hecht	Managing Director
Justin D. MacNeil	Managing Director and Assistant Treasurer
Barrie R. Moskovich	Managing Director
Sarah M. Patterson	Managing Director, Associate General Counsel and Assistant Secretary
Dean Pentikis	Managing Director
Gary P. Silber	Managing Director, Associate General Counsel and Assistant Secretary
Philip W. Sherrill	Managing Director
Eric D. Todd	Managing Director
Robert J. Egan	Senior Vice President and Appointed Actuary
Mark F. Erickson	Senior Vice President
Susan L. Fiengo	Senior Vice President
Ilya G. Finkler	Senior Vice President
John N. Giamalis	Senior Vice President and Treasurer
Maureen H. Henderson	Senior Vice President
Rodney R. Howard	Senior Vice President
Virginia H. Johnson	Senior Vice President, Associate General Counsel, and Secretary
Kevin M. Kimmerling	Senior Vice President, Associate General Counsel and Assistant Secretary
Victoria M. Lau	Senior Vice President
Emily A. LeMay	Senior Vice President
Juan I. Mazzini	Senior Vice President
Kelly K. Milberger	Senior Vice President

Jason M. Roach
Sarah A. Williams
Natalie R. Wagner

Senior Vice President
Senior Vice President
Vice President, SEC Rule 38a-1 Chief Compliance Officer,
Privacy Officer, Anti-Money Laundering Officer and Special
Investigative Unit Officer

Corporate Governance

The Company's Board appointed an Investment Management Committee and an Executive Product Committee. Both committees include directors and members of management. The following directors and officers were serving on the Board's two (2) committees as of December 31, 2019:

Investment Management Committee:

Anupam Agarwal	Chair
Hanben K. Lee	
Allan S. Levine	
Gary P. Silber	
Sarah A. Williams	
Edward C. Wilson	

Executive Product Committee:

Eric D. Todd	Chair
Robert M. Arena, Jr.	
Thomas Doruska	
Ilya G. Finkler	
Jonathan Hecht	
Rodney R. Howard	
Sarah M. Patterson	
Kevin Query	
Andrew M. Shainberg	
Philip W. Sherrill	
Anupam Agarwal	

In addition to its two (2) Board committees, the Company receives oversight from the Board and Board committees of GAFG. The GAFG Board committees included, an Audit Committee, Legal & Compliance Committee, Compensation Committee, Nominating Committee, Risk Committee, Investment Committee, and an Operations, Technology and Data Committee. The Company also receives support from the GAFG management-level committees.

CONFLICT OF INTEREST

The Company's conflict of interest disclosure process requires directors and officers to complete a conflict of interest disclosure statement on an annual basis. From a review of the directors and officers signed statements, there were no material conflicts of interest noted for the period under examination.

OATH OF OFFICE

IC 27-1-7-10(i) requires that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the corporation and will not knowingly violate any of the laws applicable to such corporation. Each director serving as of December 31, 2019, signed an Oath of Office statement when elected.

CORPORATE RECORDS

Articles of Incorporation

The Company amended its Articles of Incorporation effective January 13, 2017, to change the address of its statutory home office. The amended Articles of Incorporation were properly filed with the Indiana Secretary of State and the INDOI.

Bylaws

The Company amended its Bylaws in their entirety effective October 10, 2016. The amended Bylaws were properly filed with the INDOI.

Minutes

The Board and Shareholders Meeting minutes were reviewed for the period under examination through the fieldwork completion date and significant actions taken during each meeting were noted. The Annual Meetings of the Shareholders were held in accordance with IC 27-1-7-7(b) and the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

The Company is a member of an insurance holding company system as defined within IC 27-1-23 and Regulation of Insurance Holding Company Systems. An Insurance Holding Company System Registration Statement has been filed annually with the INDOI for each year of the examination period. All companies are 100% owned, unless otherwise indicated by the ownership footnotes. The following abbreviated organizational chart depicts the Company's relationship within the holding company system.

	<u>NAIC Company Code</u>	<u>Domiciliary State/Country</u>
The Goldman Sachs Group Inc.		DE
Global Atlantic Financial Group Limited (1)		Bermuda
Ariel Re (Holdings)Limited		Bermuda
Global Atlantic Financial Life Limited		Bermuda
Global Atlantic Financial Limited		Bermuda
Global Atlantic Assurance Limited		Bermuda

Global Atlantic Re Limited (2)		Bermuda
Global Atlantic (Fin) Company		DE
ForeLife Agency, Inc.		IN
Global Atlantic Investment Advisors, LLC		IN
Global Atlantic Distributors, LLC		DE
Global Atlantic Financial Company		DE
GA Risk Advisors, Inc.		DE
Global Atlantic Risk Advisors, LP.		DE
Global Atlantic Equipment Management, LLC		DE
Global Atlantic Insurance Network, LLC		DE
Commonwealth Annuity and Life Insurance Company	84824	MA
First Allmerica Financial Life Insurance Company	69140	MA
Forethought Life Insurance Company	91624	IN
Accordia Life and Annuity Company	62200	IA
Cape Verity I, Inc.	15475	IA
Cape Verity III, Inc.	15473	IA
Gotham Re, Inc.	15333	VT

Ownership footnotes:

- (1) The Goldman Sachs Group, Inc. 21%, Third Party Investors 79%
- (2) Global Atlantic Financial Limited 75%, GA Re US HoldCo, LP 25%

Affiliated Agreements

The following significant affiliated agreements in effect as of December 31, 2019, were disclosed as part of the Form B Holding Company Registration Statement and were filed with, and not disapproved by the INDOI, in accordance with IC 27-1-23-4(b)(4).

Amended and Restated Services and Expense Agreement

Effective June 12, 2018, the Company entered into an Amended and Restated Services and Expense Agreement with Global Atlantic (Fin) Company, Global Atlantic Financial Company (GAFC), FNLIC, ForeLife Agency, Inc., Forethought Holdings, LLC (Dissolved on December 31, 2019), FLIC Properties, LLC (Dissolved November 14, 2019), Global Atlantic Distributors, LLC (GA Distributors), and Global Atlantic Investment Advisors, LLC. Under the terms of this agreement, the parties will provide their employees and various administrative, legal, compliance, technology, operations, financial reporting, human resources, risk management, and other functions to each other as the parties may agree, as well as to participate in the common cost of certain furniture, fixtures, equipment, leased space, and improvements and related services. During 2019, the Company incurred expenses of \$133,387,316 under the terms of this agreement.

Amended and Restated Service and Cost Allocation Agreement

Effective May 2, 2019, the Company entered into an Amended and Restated Service and Cost Allocation Agreement with GAFC and GA Distributors, whereby the Company provides certain services required by GA Distributors in the ordinary course of business. During 2019, the Company incurred net expenses of \$46,658,223 under the terms of this agreement.

Amended and Restated Principal Underwriter Agreement

Effective January 4, 2017, the Company entered into an Amended and Restated Principal Underwriter Agreement with GA Distributors to act as the principal underwriter for variable annuities issued by the Company. No compensation is payable under this agreement except as expense reimbursements provided within the Company's Service and Cost Allocation agreement with GA Distributors.

Investment Management and Advisory Agreement

Effective June 12, 2018, the Company entered into a Second Amended and Restated Discretionary Advisory Agreement with Goldman Sachs Asset Management, L.P. (GSAM), a wholly-owned subsidiary of Goldman Sachs Group, Inc., whereby GSAM provides investment management and advisory services to the Company. In 2019, the Company incurred expenses of \$3,495,145 under the terms of this agreement. **(Please see the "Subsequent Events" section of this Report of Examination.)**

Brokerage Agreement

Effective January 2, 2014, the Company entered into a Delivery Versus Payment Account Agreement (the Brokerage Agreement) with Goldman, Sachs & Co. LLC (GS&Co.), whereby GS&Co. acts as executing broker for equity and/or fixed income securities and another non-prime broker institution acts as a custodian for cash and securities. Transactions with GS&Co. as counterparty and transactions between the Company and unaffiliated third parties under the Brokerage Agreement are priced "all in" as part of the bid/offer spread, and do not generate direct brokerage costs.

Tax Allocation Agreement

Effective January 2, 2014, under a Joinder Agreement, the Company became party to a Tax Allocation Agreement with various affiliates within the GAFG holding company system. This agreement provides for the filing of consolidated federal income tax returns by GAFG on behalf of the insurers and non-insurer affiliates in the holding company system, and the allocation of tax liabilities among those entities. Each party's respective obligation or benefit is calculated on a separate return basis. In 2019, the Company made tax payments of \$76,020,872.

Reinsurance Agreements

Please refer to the "Reinsurance" section of this Report of Examination for a summary of Intercompany Reinsurance Agreements.

FIDELITY BOND AND OTHER INSURANCE

The Company is protected against loss from any fraudulent or dishonest acts by a fidelity bond. The bond provides aggregate coverage of \$30,000,000 and a single loss limit of \$15,000,000 with a \$250,000 deductible. The fidelity bond limit was adequate to meet the prescribed minimum coverage specified by the NAIC. Other various interests of the Company were protected by appropriate policies of insurance.

STATUTORY AND SPECIAL DEPOSITS

The Company reported special deposits comprised of U.S. Treasury Notes held by various Departments of Insurance as of December 31, 2019:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
Deposits For the Benefit of All Policyholders:		
Indiana	\$ 1,748,516	\$ 2,224,961
All Other Special Deposits:		
Arkansas	123,237	121,870
Florida	322,421	320,031
Georgia	130,290	137,534
Massachusetts	260,579	275,068
New Mexico	238,506	236,948
North Carolina	970,205	1,001,633
South Carolina	278,248	276,645
Virginia	286,637	302,574
Washington	1,110,331	1,103,726
Puerto Rico	996,407	989,880
Total Deposits	<u>\$ 6,465,377</u>	<u>\$ 6,990,870</u>

Note: Amounts are shown in whole dollars and columns may not total due to rounding.

REINSURANCE

Reinsurance Assumed

In May 2012, the Company began to assume certain new annuity business, primarily variable annuities, from two (2) Hartford Life Insurance companies on a 100% modified coinsurance basis. This business was closed to new sales in June of 2013. The Company also has assumed one (1) block of preneed business from Union Security Insurance Company that is in runoff.

Reinsurance Ceded

The Company had the following significant ceded reinsurance agreements as of December 31, 2019:

Life Insurance and Annuities

Effective December 31, 2015, the Company entered into two (2) Funds Withheld Coinsurance and Modified Coinsurance Agreements with CwA (the Reinsurance Agreements), relating to certain variable annuity insurance contracts issued by FLIC. One (1) of the Reinsurance Agreements, (the Reinsurance Agreement including Hartford) provides that FLIC will cede to CwA 100% of all liabilities and obligations of FLIC under that certain reinsurance agreement entered into on April 25, 2012 by and between FLIC and Hartford Life and Annuity Insurance Company. The other Reinsurance Agreement, (the MS Reinsurance Agreement) provides that FLIC will cede 100% of the covered policies to CwA, which covers only the variable annuity contracts issued by FLIC and sold by Morgan Stanley Wealth Management to its clients.

As of December 31, 2019, ceded variable annuity reserves and CARVM were \$198,962,363 and (\$95,402,867), respectively. On December 16, 2015, the Reinsurance Agreements were non-disapproved by the INDOI in accordance with IC 27-1-23-4(b)(4).

Effective April 1, 2017, the Company entered into a Funds Withheld Coinsurance Agreement (the 2017 Reinsurance Agreement) with GA Re, providing reinsurance support for general account reserves under certain MYGAs, fixed index annuities, and preneed insurance contracts (including any riders and endorsements) issued by, or reinsured by FLIC. The 2017 Reinsurance Agreement provides that FLIC will coinsure to GA Re on a funds withheld basis, and GA Re accepts and agrees to reinsure and indemnify FLIC for, a Quota Share (as defined in the 2017 Reinsurance Agreement) of all FLIC Liabilities (as defined in the 2017 Reinsurance Agreement) giving rise to the Quota Share of the FLIC Reserves under the FLIC Contracts (as defined in the 2017 Reinsurance Agreement). The 2017 Reinsurance Agreement also enables the parties to reduce the Required Balance and for FLIC to receive credit for reinsurance so long as GA Re is a certified reinsurer pursuant to the requirements of 760 IAC 1-56-7.5. At the inception of the 2017 Reinsurance Agreement, FLIC retains 55% of the FLIC Liabilities; FLIC shall at all times retain for its own account at least 10% of the FLIC Liabilities with respect to the FLIC Contracts. As of December 31, 2019 ceded reserves under the 2017 Reinsurance Agreement were \$15,208,658,351. The 2017 Reinsurance Agreement was non-disapproved by the INDOI on June 30, 2017.

Accident and Health

Effective October 1, 2010, the Company entered into a reinsurance agreement whereby it ceded 95% of its direct written Medicare Supplement Premiums to Mutual of Omaha Insurance Company. On April 1, 2011, the agreement was amended to provide for the Company to cede 80% of its direct written Medicare Supplement Premiums. As of December 31, 2019, the Company reported a \$137,640 of reserve credit for this agreement.

RESERVES

Robert J. Egan, FSA, MAAA, of Forethought Life Insurance Company, is the Appointed Actuary for the Company. Mr. Egan was appointed by the Board to render an actuarial opinion on the statutory-basis reserves of the Company. He rendered an opinion on such reserves for all years covered by this examination.

The scope of the opinion was to examine the actuarial assumptions and methods used in determining reserves and related actuarial items, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials as of December 31, 2019. In forming the opinion, information prepared by the Company was relied upon. This information was evaluated for reasonableness and consistency. In other respects, the examination included such review of the actuarial assumptions and methods used, and such tests of the calculations as considered necessary.

The 2019 opinion stated that the amounts carried in the balance sheet on account for policy reserves and related actuarial items: 1) are computed in accordance with presently accepted Actuarial Standards of Practice consistently applied and are fairly stated in accordance with sound actuarial principles, 2) are based on assumptions and methods that produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions, 3) meet the requirements of the insurance laws and regulations of the State of Indiana, and are at least as great as the minimum aggregate amounts required by any State, 4) are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the Annual Statement of the

preceding year-end, and 5) include provisions for all reserves and related actuarial items that ought to be established.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The detail trial balance prepared from the Company's general ledger for the year ending December 31, 2019, was agreed to the Annual Statement without exception. The Company's independent auditors issued unqualified opinions on the Company's audited Statutory Financial Statements for each year during the examination period. The audited Statutory Financial Statements were agreed to the Annual Statement for the year ending December 31, 2019, with no exceptions noted. All of the independent audit work papers were made available to Thomas Consulting during the examination.

Overall, Thomas Consulting determined the Company's accounting procedures, practices, and account records were satisfactory.

FINANCIAL EXHIBITS

Comparative Exhibit – Statutory Statement of Assets
Comparative Exhibit – Statutory Statement of Liabilities, Surplus and Other Funds
Comparative Exhibit - Statutory Summary of Operations
Comparative Exhibit – Statutory Capital and Surplus Account

NOTE: Amounts are shown in whole dollars and columns may not total due to rounding.

FORETHOUGHT LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

Assets

As of December 31, 2019

	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Bonds	\$21,728,107,145	\$ -	\$21,728,107,145	\$19,730,371,204
Preferred stocks	3,003,746	-	3,003,746	9,447,708
Common stocks	160,939,400	-	160,939,400	151,789,072
Mortgage loans on real estate: first liens	7,447,314,028	-	7,447,314,028	5,291,660,292
Real estate: properties held for sale	1,208,458	-	1,208,458	1,735,208
Cash, cash equivalents and short-term investments	1,757,682,387	-	1,757,682,387	923,958,602
Contract loans	3,779,149	-	3,779,149	3,658,321
Derivatives	324,464,566	-	324,464,566	50,026,040
Other invested assets	1,080,959,710	-	1,080,959,710	697,871,370
Receivables for securities	14,194,079	-	14,194,079	14,836,110
Subtotals, cash and invested assets	\$32,521,652,667	\$ -	\$32,521,652,667	\$26,875,353,927
Investment income due and accrued	175,838,612	-	175,838,612	149,044,602
Uncollected premiums and agents' balances in the course of collection	213,910	-	213,910	280,487
Deferred premiums, agents' balances and installments booked but deferred and not yet due	9,606,649	-	9,606,649	9,751,661
Other amounts receivable under reinsurance contracts	456,969,478	-	456,969,478	1,139,553,496
Current federal and foreign income tax recoverable and interest thereon	-	-	-	4,397,878
Net deferred tax asset	870,399	-	870,399	-
Guaranty funds receivable or on deposit	1,130,217	-	1,130,217	1,011,217
Receivable from parent, subsidiaries and affiliates	-	-	-	2,968,020
Aggregate write-ins for other than invested assets	18,217	-	18,217	-
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	33,166,300,149	-	33,166,300,149	28,182,361,288
Separate Accounts, Segregated Accounts and Protected Cell Accounts	3,172,045,644	-	3,172,045,644	2,990,497,569
Totals	\$36,338,345,793	\$ -	\$36,338,345,793	\$31,172,858,857

FORETHOUGHT LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

Liabilities, Surplus and Other Funds

As of December 31, 2019

	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Aggregate reserve for life contracts	\$20,202,367,797	\$ -	\$20,202,367,797	\$16,782,655,977
Aggregate reserve for accident and health contracts	28,445,673	-	28,445,673	21,738,684
Liability for deposit-type contracts	1,719,848,538	-	1,719,848,538	1,434,404,461
Contract claims:				
Life	3,094,592	-	3,094,592	2,929,830
Accident and health	684,798	-	684,798	838,711
Premiums and annuity considerations for life and accident and health contracts received in advance	138,634	-	138,634	152,830
Other amounts payable on reinsurance	595,044,771	-	595,044,771	1,180,619,231
Interest maintenance reserve	76,747,103	-	76,747,103	74,250,565
Commissions to agents due or accrued	14,083,948	-	14,083,948	14,272,232
General expenses due or accrued	23,884,865	-	23,884,865	22,065,383
Transfers to Separate Accounts due or accrued (net)	(468,986)	-	(468,986)	(1,255,139)
Taxes, licenses and fees due or accrued, excluding federal income taxes	6,114,974	-	6,114,974	7,043,474
Current federal and foreign income taxes	20,408,974	-	20,408,974	-
Net deferred tax liability	-	-	-	17,469,843
Amounts withheld or retained by reporting entity as agent or trustee	2,619,624	-	2,619,624	2,700,944
Remittances and items not allocated	85,157,298	-	85,157,298	134,574,228
Asset valuation reserve	384,535,910	-	384,535,910	203,713,723
Funds held under reinsurance treaties with unauthorized and certified reinsurers	7,680,416,291	-	7,680,416,291	6,499,018,914
Payable to parent, subsidiaries and affiliates	6,153,429	-	6,153,429	-

Funds held under coinsurance	102,073,999	-	102,073,999	63,771,786
Derivatives	5,900,408	-	5,900,408	2,454,778
Payable for securities	13,015,593	-	13,015,593	4,382,234
Aggregate write-ins for liabilities	306,982,738	-	306,982,738	26,063,511
Total liabilities excluding Separate Accounts business	<u>\$31,277,250,971</u>	<u>\$ -</u>	<u>\$31,277,250,971</u>	<u>\$26,493,866,200</u>
From Separate Accounts Statement	\$ 3,172,045,645	-	\$ 3,172,045,645	\$ 2,990,352,066
Total liabilities	<u>\$34,449,296,616</u>	<u>\$ -</u>	<u>\$34,449,296,616</u>	<u>\$29,484,218,266</u>
Common capital stock	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 2,500,000
Surplus notes	-	-	-	365,000,000
Gross paid in and contributed surplus	1,302,873,348	-	1,302,873,348	900,553,430
Unassigned funds (surplus)	583,675,829	-	583,675,829	420,587,161
Surplus	1,886,549,177	-	1,886,549,177	1,686,140,591
Total capital and surplus	<u>\$ 1,889,049,177</u>	<u>\$ -</u>	<u>\$ 1,889,049,177</u>	<u>\$ 1,688,640,591</u>
Totals	<u>\$36,338,345,793</u>	<u>\$ -</u>	<u>\$36,338,345,793</u>	<u>\$31,172,858,857</u>

FORETHOUGHT LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

Summary of Operations

As of December 31, 2019

	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Premium for life and accident and health contracts	\$4,810,279,975	\$ -	\$4,810,279,975	\$4,820,380,714
Considerations for supplementary contracts with life contingencies	354,334	-	354,334	243,465
Net investment income	1,605,206,565	-	1,605,206,565	975,354,928
Amortization of Interest Maintenance Reserve	9,556,897	-	9,556,897	11,707,986
Commission and expense allowances on reinsurance ceded	306,672,064	-	306,672,064	278,348,826
Aggregate write-ins for miscellaneous income	(27,056,504)	-	(27,056,504)	(194,834,925)
Totals	<u>\$6,705,013,331</u>	<u>\$ -</u>	<u>\$6,705,013,331</u>	<u>\$5,891,200,993</u>
Death benefits	\$ 163,525,703	\$ -	\$ 163,525,703	\$ 167,984,476
Annuity benefits	275,790,442	-	275,790,442	237,129,965
Disability benefits and benefits under accident and health contracts	7,270,358	-	7,270,358	8,598,164
Surrender benefits and withdrawals for life contracts	1,473,053,935	-	1,473,053,935	1,052,030,387
Interest and adjustments on contracts or deposit-type contract funds	41,174,410	-	41,174,410	98,796,548
Increase in aggregate reserves for life and accident and health contracts	3,327,981,323	-	3,327,981,323	3,509,531,323
Totals	<u>\$5,288,796,171</u>	<u>\$ -</u>	<u>\$5,288,796,171</u>	<u>\$5,074,070,863</u>
Commissions on premiums, annuity considerations, and deposit-type contract funds	\$ 362,833,578	\$ -	\$ 362,833,578	\$ 332,300,332
Commissions and expense allowances on reinsurance assumed	826,103	-	826,103	2,514,238
General insurance expenses	283,463,676	-	283,463,676	281,274,744
Insurance taxes, licenses and fees, excluding federal income taxes	12,261,412	-	12,261,412	13,058,389

Increase in loading on deferred and uncollected premiums	(382,611)	-	(382,611)	(893,863)
Net transfers to Separate Accounts net of reinsurance	-	-	-	41,474
Aggregate write-ins for deductions	427,632,493	-	427,632,493	250,108,111
Totals	<u>\$6,375,430,822</u>	<u>\$ -</u>	<u>\$6,375,430,822</u>	<u>\$5,952,474,288</u>
Net gain from operations before dividends to policyholders, refunds to members and federal income taxes	\$ 329,582,509	\$ -	\$ 329,582,509	\$ (61,273,294)
Dividends to policyholders and refunds to members	-	-	-	-
Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes	\$ 329,582,509	\$ -	\$ 329,582,509	\$ (61,273,294)
Federal and foreign income taxes incurred	56,422,730	-	56,422,730	(47,816,793)
Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses)	\$ 273,159,779	\$ -	\$ 273,159,779	\$ (13,456,501)
Net realized capital gains (losses)	(83,860,179)	-	(83,860,179)	125,447,832
Net income	<u>\$ 189,299,600</u>	<u>\$ -</u>	<u>\$ 189,299,600</u>	<u>\$ 111,991,331</u>

FORETHOUGHT LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

Capital and Surplus Account

	2019	2018	2017	2016	2015
Capital and surplus, December 31, prior year (Note 1)	\$1,717,391,602*	\$1,595,884,314	\$1,632,169,205	\$1,194,123,216	\$804,955,436
Net income	189,299,600	111,991,331	352,102,403	83,879,919	83,653,299
Change in net unrealized capital gains (losses) less capital gains tax	137,883,152	48,668,665	25,432,393	(3,725,946)	(153,619)
Change in net unrealized foreign exchange capital gain (loss)	(45,492)	(605,831)	(14,281)	25,028	(597,450)
Change in net deferred income tax	54,955,264	(3,217,999)	(49,602,034)	13,848,137	15,949,402
Change in nonadmitted assets	(5,112,517)	(774,774)	(1,566,832)	907,240	(1,732,964)
Change in asset valuation reserve	(180,734,514)	(50,543,883)	(73,830,910)	(7,115,151)	(14,679,686)
Surplus (contributed to) withdrawn from Separate Accounts during period	-	248,530	20,323	3,984,708	(4,349,134)
Other changes in surplus in Separate Accounts Statement	(145,503)	(264,707)	48,713	(3,757,945)	4,109,931
Change in surplus notes	(365,000,000)	-	-	365,000,000	-
Change in capital paid in Surplus adjustment: Paid in	365,000,000	-	-	75,000,000	325,000,000
Change in surplus as a result of reinsurance	(1,635,056)	(1,635,054)	15,124,237	-	-
Dividends to stockholders	-	-	(315,000,000)	(90,000,000)	-
Aggregate write-ins for gains and losses in surplus	<u>(22,807,359)</u>	<u>(11,110,000)</u>	<u>11,001,097</u>	<u>-</u>	<u>(18,031,999)</u>
Net change in capital and surplus for the year	<u>\$ 171,657,575</u>	<u>\$ 92,756,277</u>	<u>\$ (36,284,891)</u>	<u>\$ 438,045,989</u>	<u>\$ 389,167,780</u>
Capital and surplus, December 31, current year	<u>\$1,889,049,177</u>	<u>\$1,688,640,591*</u>	<u>\$1,595,884,314</u>	<u>\$1,632,169,205</u>	<u>\$1,194,123,216</u>

*Please see Note 1 of the Comments on the Financial Statements for an explanation of the difference between the ending 2018 capital and surplus and the beginning 2019 capital and surplus.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2019, based on the results of this examination.

Note 1 – Forethought National Life Insurance Company

Effective December 31, 2019, FNLIC merged with and into the Company. The 2019 Financial Statement amounts for the Company as shown on the Comparative Exhibit – Statutory Capital and Surplus Accounts, have been adjusted to include the results of FNLIC. As a result, the Company’s beginning 2019 capital and surplus of \$1,717,391,602 includes an additional \$28,751,011 (rounded) of capital and surplus which is comprised of FNLIC’s total capital and surplus at December 31, 2018.

OTHER SIGNIFICANT FINDINGS

There were no significant findings noted as a result of this examination.

SUBSEQUENT EVENTS

KKR & Co. Inc. (KKR) Acquisition of GAFG

On February 1, 2021, GAFG was acquired by a subsidiary of KKR (the Transaction). Accordingly, effective February 1, 2021, the Company became an indirect majority owned subsidiary of KKR. The INDOI approved the Transaction on December 16, 2020. GAFG will continue to operate under the Global Atlantic brand and management team.

Investment Management Agreement

The Company’s Second Amended and Restated Discretionary Advisory Agreement with GSAM was terminated on February 1, 2021. Effective February 1, 2021, the Company entered into a new Investment Management Agreement (KKR IMA) with Kohlberg Kravis Roberts & Co. L.P. (the Investment Manager), a Delaware limited partnership. Under the terms of the KKR IMA, the Investment Manager will supervise and direct the investment and reinvestment with respect to all assets in the Company’s general account and assets in certain separate accounts as defined in the KKR IMA. The KKR IMA was filed with, and not disapproved by, the INDOI in accordance with IC 27-1-23-4(b)(4).

Ordinary Dividend

The Company paid an ordinary dividend to its sole shareholder, CwA, on December 15, 2020. The Company notified the INDOI of the declared ordinary dividend to its shareholder in accordance with the requirements of IC 27-1-23-1.5.

Pandemic Risk

On March 11, 2020, the World Health Organization declared an outbreak of the coronavirus (COVID-19). The extent of the impact of COVID-19 on the Company’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulatory decisions, and the impact on the financial markets, all of which are uncertain and cannot be predicted. Due to the

timing of the examination and fieldwork, the effects of COVID-19 on this entity are not fully addressed within this examination report.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, Thomas Consulting obtained a management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and provided to Thomas Consulting.

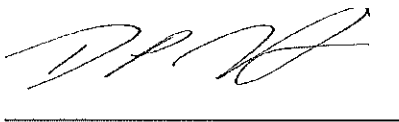
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-In-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from The Thomas Consulting Group, Inc., performed an examination of the **Forethought Life Insurance Company** as of **December 31, 2019**.


The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

The examination was performed in accordance with those procedures required by the 2019 NAIC *Financial Condition Examiners Handbook* and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standard and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of the **Forethought Life Insurance Company** as of **December 31, 2019**, as determined by the undersigned.



D. Patrick Huth, CFE
The Thomas Consulting Group, Inc.


Jerry Ehlers, CFE, CPA
Indiana Department of Insurance

DARCY L. SHAWVER
NOTARY PUBLIC

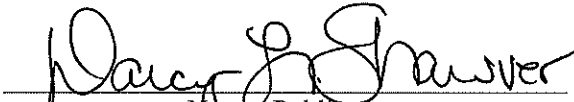
State of:
County of:

SEAL
MARION COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES OCTOBER 4, 2025
COMMISSION NO 708069

On this 17th day of June, 2021, before me personally appeared, D. Patrick Huth and Jerry Ehlers to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires October 4, 2025


Notary Public
Darcy L. Shawver

