

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

IN THE MATTER OF:)
)
HCC Life Insurance Company)
150 West Market Street, Suite 800)
Indianapolis, Indiana 46204)

Examination of: **HCC Life Insurance Company**

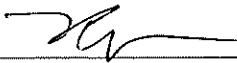
NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Holly W. Lambert, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of HCC Life Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, 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 HCC 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.

6/30/2021
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 6826

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

IN THE MATTER OF:)
HCC Life Insurance Company)
150 West Market Street, Suite 800)
Indianapolis, Indiana 46204)

Examination of: **HCC Life Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the HCC Life Insurance Company (hereinafter “Company”) for the time period January 1, 2019, through December 31, 2023.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on April 16, 2025.

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 May 5, 2025, and was received by the Company on May 5, 2025.

On May 6, 2025, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company's response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2023.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance 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, as amended, 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, as amended. 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 30th day of
June, 2025.



Holly W. Lambert
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
HCC LIFE INSURANCE COMPANY
NAIC Co. CODE 92711
NAIC GROUP CODE 3098

As of

December 31, 2023

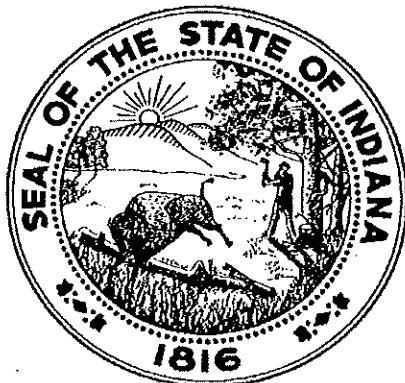


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STATE OF INDIANA

MIKE BRAUN, GOVERNOR

Indiana Department of Insurance

Holly W. Lambert, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-3520
Fax: 317-232-5251
Website: in.gov/idoi

April 16, 2025

Honorable Holly Williams Lambert, 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 4195, an examination has been made of the affairs and financial condition of:

HCC Life Insurance Company
150 West Market Street, Suite 800
Indianapolis, Indiana 46204

hereinafter referred to as the "Company", an Indiana domestic stock, property and casualty insurance company. The examination was conducted remotely with assistance from the corporate office staff of the Company in Kennesaw, Georgia.

The Report of Examination, reflecting the status of the Company as of December 31, 2023, is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2014 through December 31, 2018. The present risk-focused examination was conducted by The Thomas Consulting Group, Inc. (Thomas Consulting) and covered the period from January 1, 2019 through December 31, 2023, 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 conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). 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 identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

The actuarial specialist, Mark E. Alberts, FSA, MAAA, of Noble Consulting Services, Inc. provided all actuarial services throughout the examination and conducted a review of the Company's actuarial-related risks as of December 31, 2023.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

HISTORY

The Company originally named Indianapolis Life Pension and Insurance Company, was incorporated in Indiana as a stock life insurance company on December 3, 1980 and started operations on March 12, 1981. Following a series of mergers and acquisitions from 1991 to 1998, it was bought by HCC Insurance Holdings, Inc. on December 20, 1999. Tokio Marine HCC (TMHCC), founded in Delaware in 1991 as an insurance holding company, took over the Company, making it a Houston Casualty Company subsidiary. The Company adopted its current name on December 28, 1999.

In 2005, the Company acquired Perico Life Insurance Company (Perico), a Delaware domestic insurer that specialized in writing small case medical stop-loss insurance. Effective June 1, 2014, MAPFRE USA Corporation acquired Perico. As part of the sale of Perico, the Company entered into a Reinsurance Agreement with Perico, whereby it assumed 100% of the insurance liabilities of Perico. The Company also entered into an Administrative Services Agreement with Perico effective the same date.

On October 2, 2006, the Company completed its purchase of Allianz Life Insurance Company of North America's Health Product Division. Following the acquisition, the operations of the Health Products

Division were integrated with those of the Company.

TMHCC became a subsidiary of Tokio Marine Holdings, Inc. (TMHD) on October 27, 2015. On October 15, 2017, TMHCC purchased the medical stop-loss business from American International Group, Inc. (AIG) for \$295 million in cash, while also taking over AIG's outstanding loss reserves and receiving an equivalent amount of cash. This deal encompassed renewal rights, ongoing contracts, and the corresponding workforce.

CAPITAL AND SURPLUS

Pursuant to the Articles of Incorporation, the capital stock authorized for the Company is 1,000 shares of common stock with a par value of \$10,000 per share. As of December 31, 2023, the Company's reported total capital and surplus was \$793,766,462, which included common stock of \$2,500,000, consisting of 250 issued and outstanding shares; gross paid-in and contributed surplus of \$317,289,323, and unassigned funds (surplus) of \$473,977,139.

DIVIDENDS TO STOCKHOLDERS

The Company paid the following dividends, (in 000s), to TMHCC during the examination period:

Year	Total	Ordinary Dividends	Extraordinary Dividends
2023	\$ 165,000	\$ 165,000	\$ 0
2022	177,100	0	177,100
2021	165,800	165,800	0
2020	64,477	64,477	0
2019	0	0	0
Totals	<u>\$ 572,377</u>	<u>\$ 395,277</u>	<u>\$ 177,100</u>

In accordance with IC 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year's surplus or the net income of such insurer of the prior year. In accordance with IC 27-1-23-1.5, the Company notified the INDOI of all declared dividends to the parent during the examination period.

MANAGEMENT AND CONTROL

Directors

The Company's Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of nine (9) directors. At least one (1) of the directors must be a resident of Indiana. The shareholders, at each annual meeting, elect the members of the Board.

The following is a list of persons serving as directors as of December 31, 2023, and their principal occupations as of that date:

Name and Location	Principal Occupation
Frank Bramanti Houston, Texas	Retired, Executive Vice President HCC Insurance Holdings, Inc.
Mark Carney Carmel, Indiana	Executive Vice President HCC Insurance Holdings, Inc
James Flagg, Ph.D. Brenham, Texas	Retired, Professor Emeritus of Accounting Texas A&M University
Andrew Ritchie* Kennesaw, Georgia	President and Chief Executive Officer HCC Life Insurance Company
Susan Rivera Houston, Texas	Executive Vice President HCC Insurance Holdings, Inc.
Robert Rosholt Chicago, Illinois	Retired, Chief Financial Officer and Executive Vice President, Nationwide Mutual Insurance Company
Mark Sanderford Marietta, Georgia	Executive Vice President and Chief Financial Officer HCC Life Insurance Company
Jeffery Turner Houston, Texas	Senior Vice President and Chief Accounting Officer HCC Insurance Company
Thomas Weist Cypress, Texas	Executive Vice President HCC Insurance Holdings, Inc.

*Chairman of the Board

Officers

The Company's Bylaws state that the elected officers shall be a President, one (1) or more Vice Presidents, a Secretary, and such other officers as the Board may determine.

The following is a list of key officers and their respective titles as of December 31, 2023:

Name	Office
Andrew Ritchie	President, Chief Executive Officer
Mark Sanderford	Executive Vice President, Chief Financial Officer
Joseph Zemel	Chief Information Officer
Charles Carlson	Chief Underwriting Officer
Alexander Ludlow	Vice President, Secretary
Dwayne Lee	Vice President, Treasurer
Anthony Budreski	Vice President, Assistant Secretary

<u>Name (Continued)</u>	<u>Office</u>
Jennifer Guppy	Vice President, Assistant Secretary
Randy Rinicella	Vice President, Assistant Secretary
Mark Carney	Executive Vice President
Beata Madey	Executive Vice President
Susan Rivera	Executive Vice President
Thomas Weist	Executive Vice President
Christine Carlson	Senior Vice President
William Edrington	Senior Vice President
Jeffrey Gavlick	Senior Vice President
John Grider Jr.	Senior Vice President
John Kelbel	Senior Vice President
Robert Kerr III	Senior Vice President
Michael Lee	Senior Vice President
Thomas Matchinsky	Senior Vice President

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2023.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates 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 Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2023.

CORPORATE RECORDS

Articles of Incorporation

The Company's Articles of Incorporation were amended during the period under examination. The Board adopted the resolution and amended articles on November 9, 2021. The amended articles were subsequently adopted by an affirmative vote at the annual meeting of the Company on April 27, 2022 and provided to the INDOI.

Bylaws

There were no amendments made to the Bylaws during the examination period.

Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws do not specify the date or time the annual meeting of shareholders is to be held. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year.

The Company committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Audit Committee, Investment and Finance Committee, and Remuneration and Nomination Committee.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and subsidiaries as of December 31, 2023 that were included in this examination:

	NAIC Co. Code	Domiciliary State/Country
Tokio Marine Holdings, Inc.		Japan
HCC Insurance Holdings, Inc.		DE
Houston Casualty Company	42374	TX
HCC Life Insurance Company	92711	IN

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

Intercompany Service and Cost Allocation Agreements

Effective March 8, 2001, the Company entered into an Intercompany Service and Cost Allocation Agreement with HCC Service Company, Inc. (HCC Service). Under this agreement, HCC Service agrees to provide personnel, administrative, other services, and facilities to the Company. HCC Service charges the Company monthly for its proportionate share of the costs. During 2023, the Company incurred \$12,141,330 of allocated costs from affiliates under the terms of this agreement.

Financial and Statutory Accounting Tax Allocation Agreement

Effective April 27, 2000, the Company became party to a Financial and Statutory Accounting Tax Allocation Agreement with various affiliates within the TMHCC holding company system. This agreement provides for the filing of consolidated federal income tax returns by TMHCC on behalf of the insurers and non-insurer affiliates in the holding company system, and the allocation of tax liabilities among those entities. Under the agreement, each party's respective obligation or benefit is calculated on a separate return

basis. The INDOI approved an amendment to the Tax Allocation Agreement on January 18, 2024.

Managing General Underwriter Agreements

Effective July 9, 2004, the Company entered into a Managing General Underwriter Agreement entitled Memorandum of Understanding (MOU) with ASU International, Inc., whose name changed to HCC Specialty Underwriters, Inc. (HCCSU) effective November 1, 2005. Under the terms of the MOU, the Company uses HCCSU to write disability policies. Multiple amendments have been made to the MOU since its inception, primarily to change the lines of business written, limits of liability, and/or commission amounts. The latest amendment to the MOU was made effective January 1, 2014. In 2023, the Company paid \$28,946,068 in commissions under the terms of this agreement.

Captive Consulting and Administrative Services Agreements

Effective June 1, 2019, HCC Captive Solutions Company (HCC CSC) was formed as a Tennessee captive. HCC CSC is a wholly owned subsidiary of the Company. HCC CSC operates as a protected cell company. Protected cells, under HCC CSC, are created for unaffiliated policyholders to participate in underwriting risk. A Reinsurance Agreement exists between the Company and the protected cells. The Company ensures any contractual arrangements are at arm's length to ensure any transaction with a protected cell relates to unaffiliated activity. During 2023, the Company paid ceding fees from protected cells in the amount of \$2,169,039 under the terms of this agreement.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by the Chubb Group of Insurance Companies. The fidelity bond has an aggregate limit of liability of \$20,000,000 with a deductible of \$500,000, which is adequate to meet the minimum coverage suggested by the NAIC.

Other various interests of the Company are protected by appropriate policies of insurance.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact business in all fifty (50) states and the District of Columbia as of December 31, 2023. The Company's primary lines of business are medical stop-loss, organ transplant, group life, MedPlus, and disability. The Company concentrates its writings on selected narrowly defined lines of business where the Company believes it can achieve an underwriting profit. The Company markets its current insurance products primarily through third-party administrators, independent, or affiliated agents and brokers.

The Company's largest states, by total Direct Premium Written at December 31, 2023 are Wisconsin (\$158M or 7.5%), Indiana (\$150M or 7.1%), Pennsylvania (\$138M or 6.5%), Ohio (\$127M or 6.0%), and California (\$109M or 5.2%). These states accounted for 32.3% of total writings in 2023.

REINSURANCE

Ceded Reinsurance

The Company periodically evaluates the need to purchase reinsurance on its medical stop-loss, life, and accident and health (A&H) business primarily based on its current level of surplus, actuarial projection models, and reinsurance market price analyses. As of December 31, 2023, the Company's reinsurance program included the following significant coverages.

The Company purchases reinsurance to reduce its net liability on certain individual risks for its specific medical stop-loss business. Effective January 1, 2023, the Company entered into an Unlimited Medical Excess of Loss Reinsurance Contract in which it cedes unlimited losses in excess of \$7.5 million per covered person, per underwriting year.

In addition, the Company cedes medical stop loss to unaffiliated reinsurers who are accepted to participate in underwriting risk for production they originate. The Company also cedes medical stop-loss to protected cells within HCC CSC who operates as the protected cell sponsor. A reinsurance agreement exists between the Company and the protected cells. The Company receives ceding fees for this quota share arrangement. The Company ensures collateralization from protected cells.

The Company's individual and group A&H business, including disability and accidental death and dismemberment (AD&D) for sports and non-sports, is ceded on a proportional and excess of loss basis through a number of reinsurance agreements. The key A&H reinsurance agreements at December 31, 2023, are described below.

Effective February 1, 2023, the Company entered into a Non-Obligatory Quota Share Reinsurance Treaty with multiple reinsurers brokered through Guy Carpenter & Company Limited. The treaty authorizes the cession of 75% of premiums and losses for the Company's AD&D, individual and team sports disability, and individual and group non-sports business with a maximum loss of \$15 million per individual and \$75 million per group or team. The Company can cede up to \$62.5 million of premiums per year under the terms of the treaty.

Effective February 1, 2023, the Company entered into a Non-Obligatory Quota Share Reinsurance Treaty with multiple reinsurers brokered through Guy Carpenter & Company Limited. The treaty authorizes the cession of 100% of premiums and losses for the Company's AD&D, individual and team sports disability, and individual and group non-sports business with a maximum loss of \$35 million per individual and \$175 million per group or team. The Company can cede up to \$24 million of premiums per year under the terms of the treaty.

Effective February 1, 2023, the Company entered into an Excess of Loss Contract with Arch Reinsurance Europe Underwriting Designated Activity Company. The contract reinsurance losses for the Company's retention under certain quota share agreements and provides coverage for losses of \$24 million per loss in excess of \$5 million per loss.

In addition to the A&H treaty reinsurance coverages described above, the Company ceded business under various facultative arrangements.

The Company has run off lines of business from ordinary life and annuity business. The run-off life lines of business comprised of ordinary life and annuity business are 100% ceded.

There were no issues noted in the review of the Company's reinsurance program that would preclude taking of reserve credits.

Assumed Reinsurance

The Company entered into a reinsurance agreement effective January 1, 2023, with Gulf Guaranty Life Insurance Company (Gulf Guaranty) where the Company, with a reserve transfer of \$13,963,195, agreed to assume the runout claim reserves on certain medical group insurance policies effective December 31, 2022, and prior. In addition, the Company agreed to reinsure the business written by Gulf Guaranty for these medical group-type policies from January 1, 2023, and forward. Gulf Guaranty Employee Benefit Services, a MGU, who was acquired by HCC Insurance Holdings effective July 31, 2023, from Gulf Guaranty, will administer the runout obligations for reserves to these policies on behalf of Gulf Guaranty.

Effective January 1, 2018, the Company began to assume medical stop-loss business from its affiliates Reliance Standard Life Insurance Company and First Reliance Standard Life Insurance Company (NY), (Reliance). On October 1, 2021, HCC Life entered into a reinsurance agreement and renewal rights agreement with Reliance affiliates. As part of the reinsurance agreement effective October 1, 2021, the Company assumed all in-force business that was effective September 30, 2021, and prior. Additionally, consideration was paid by the Company as part of the renewal rights agreement.

The Company offers excess of loss coverage on its medical stop-loss business written through its captive programs.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the company with the INDOI and present the financial condition of the company for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

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

HCC LIFE INSURANCE COMPANY
Assets
As of December 31, 2023
(in 000s)

	<u>Per Company</u>
Bonds	\$ 1,496,434
Stocks:	
Common stocks	750
Mortgage loans on real estate:	
First liens	-
Cash, cash equivalents and short-term investments	77,271
Other invested assets	-
Receivables for securities	-
Subtotals, cash and invested assets	<u>1,574,455</u>
Investment income due and accrued	10,977
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	54,193
Deferred premiums, agents' balances and installments booked but deferred and not yet due	-
Accrued retrospective premiums	-
Reinsurance:	
Amounts recoverable from reinsurers	2,242
Other amounts receivable under reinsurance contracts	4,760
Current federal and foreign income tax recoverable and interest thereon	3,243
Net deferred tax asset	18,203
Guaranty funds receivable or on deposit	243
Electronic data processing equipment and software	793
Receivables from parent, subsidiaries and affiliates	132
Aggregate write-ins for other than invested assets	<u>1,455</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	1,670,695
Totals	<u><u>\$ 1,670,695</u></u>

HCC LIFE INSURANCE COMPANY
Liabilities, Surplus and Other Funds
As of December 31, 2023
(in 000s)

	<u>Per Company</u>
Aggregate reserve for life contracts	\$ -
Aggregate reserve for accident and health contracts	21,588
Liability for deposit-type contracts	-
Contract Claims:	
Life	50
Accident and health	568,363
Provisions for experience rating refunds	24,811
Interest maintenance reserve	439
Commissions to agents due or accrued	25,701
Commissions and expense allowance on reinsurance assumed	1,477
General expenses due or accrued	16,446
Taxes, licenses, and fees	10,890
Remittances and items not allocated	13,486
Asset valuation reserve	5,537
Reinsurance in unauthorized and certified	937
Funds held under reinsurance treaties	165,811
Payable to parent, subsidiaries and affiliates	10,181
Aggregate write-ins for liabilities	<u>11,211</u>
Total liabilities	<u>876,928</u>
Aggregate write-ins for special surplus funds	-
Common capital stock	2,500
Gross paid in and contributed surplus	317,289
Unassigned funds (surplus)	<u>473,977</u>
Surplus	<u>791,266</u>
Total Capital and Surplus	<u>793,766</u>
Totals	<u>\$ 1,670,695</u>

HCC LIFE INSURANCE COMPANY
Summary of Operations
For the Year Ended December 31, 2023
(in 000s)

	<u>Per Company</u>
Premiums and annuity considerations for life and accident and health contracts	\$ 1,717,482
Net investment income	53,310
Amortization of Interest Maintenance Reserve	50
Commissions and expense allowances on reinsurance ceded	102,138
Aggregate write-ins for miscellaneous income	27,713
Totals	<u>\$ 1,900,693</u>
Death Benefits	(25)
Disability benefits and benefits under accident and health contracts	1,278,119
Increase in aggregate reserves for life and accident and health contracts	(1,118)
Totals	<u>\$ 1,296,976</u>
Commissions on premiums, annuity considerations, and deposit type contract funds	240,560
Commissions and expense allowances on reinsurance assumed	17,821
General insurance expenses and fraternal expenses	86,908
Insurance taxes, licenses, and fees, excluding federal income tax	39,170
Totals	<u>\$ 1,661,435</u>
Net gain from operations before dividends to policyholders, refunds to members and federal income taxes	239,258
Federal and foreign income taxes incurred	<u>45,479</u>
Net gain from operations after dividends to policyholders, refunds to members, and federal income taxes before realized capital gains (losses)	193,779
Net income	<u>\$ 193,779</u>

HCC LIFE INSURANCE COMPANY
Reconciliation of Capital and Surplus Account
(in 000s)

	2023	2022	2021	2020	2019
Surplus as regards policyholders, December 31 prior year	\$ 756,240	\$ 750,026	\$ 743,357	\$ 644,773	\$ 561,549
Net income	193,778	185,325	177,124	165,829	85,915
Change in net unrealized capital gains or (losses) less capital gains tax	-	110	24	-	73
Change in net unrealized foreign exchange capital gain (loss)	-	-	-	-	-
Change in net deferred income tax	(3,631)	(4,070)	(4,078)	(5,683)	(5,617)
Change in nonadmitted assets	4,919	6,283	1,139	5,372	4,816
Change liability for reinsurance	8,042	(3,740)	(1,156)	(1,973)	(1,741)
Change in asset valuation reserve	(582)	(595)	(585)	(483)	(223)
Capital changes:					
Paid in	-	-	-	-	-
Surplus adjustments:					
Paid in	-	-	-	-	-
Dividends to stockholders	(165,000)	(177,100)	(165,800)	(64,477)	-
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-
Change in surplus as regards policyholders for the year	37,527	6,214	6,669	98,584	83,224
Surplus as regards policyholders, December 31 current year	<u>\$ 793,766</u>	<u>\$ 756,240</u>	<u>\$ 750,026</u>	<u>\$ 743,357</u>	<u>\$ 644,773</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2023, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no significant issues identified during the examination process.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of field work which were considered material events requiring disclosure in this Report of Examination.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that they, in coordination with staff assistance from The Thomas Consulting Group, Inc., and actuarial assistance from Mark E. Alberts, FSA, MAAA, performed an examination of HCC Life Insurance Company, Inc., as of December 31, 2023.

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

This examination was performed in accordance with those procedures required by the 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 standards 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 the condition of the HCC Life Insurance Company, Inc., as of December 31, 2023, as determined by the undersigned.



Aaron Phillips, CFE, CISA
The Thomas Consulting Group, Inc.

Under the Supervision of:



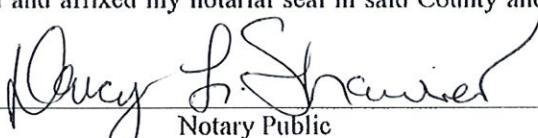
Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 26th day of June, 2025, before me personally appeared, Aaron Phillips 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



Darcy L. Shawver
Notary Public

Indiana Department of Insurance
NAIC Accredited

DARCY L. SHAWVER
NOTARY PUBLIC
SEAL
MARION COUNTY, STATE OF INDIANA HCC Life Insurance Company
MY COMMISSION EXPIRES OCTOBER 4, 2025 Financial Examination as of 12/31/2023
COMMISSION NO 708053

