

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

IN THE MATTER OF:)
)

Washington National Insurance Company)
11825 North Pennsylvania Street)
Carmel, Indiana 46032)

Examination of: **Washington National 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 Washington National 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 Washington National 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.

Date

6/30/2025

Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 3680

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

IN THE MATTER OF:)

Washington National Insurance Company)
11825 North Pennsylvania Street)
Carmel, Indiana 46032)

Examination of: **Washington National Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Washington National 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 May 22, 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 June 6, 2025, and was received by the Company on June 6, 2025.

On June 23, 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 35th 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

WASHINGTON NATIONAL INSURANCE COMPANY
NAIC Co. CODE 70319
NAIC GROUP CODE 0233

As of

December 31, 2023

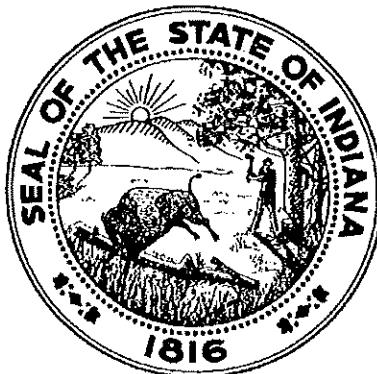


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STATE OF INDIANA

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

May 22, 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 4194, an examination has been made of the affairs and financial condition of:

**Washington National Insurance Company
11825 North Pennsylvania Street
Carmel, Indiana 46032**

hereinafter referred to as the "Company", or "WNIC", an Indiana domestic life, accident, and health insurance company. The examination was conducted remotely with assistance from the corporate office staff in Carmel, Indiana.

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

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES COMPANY COMPLIANCE CONSUMER SERVICES FINANCIAL SERVICES MEDICAL MALPRACTICE COMPANY RECORDS STATE HEALTH INSURANCE PROGRAM
317-232-2389 317-232-3495 317-232-2395/1-800-622-4461 317-232-2390 317-232-5253 317-232-2383 1-800-452-4800

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 Noble Consulting Services, Inc., 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 examination of the Indiana domestic insurance companies of CNO Financial Group, Inc. (CNO Financial Group) was called by the INDOI in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The INDOI served as the lead state on the examination, and the Illinois Department of Insurance, New York State Department of Financial Services, Pennsylvania Department of Insurance and Texas Department of Insurance served as participants.

The actuarial specialist for 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.

The investment specialist, EDM Research LLC, provided all investment specialist services throughout the examination and conducted a review of the Company's investment-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

CNO Financial Group, a Delaware Corporation, became the successor to Conseco, Inc., an Indiana corporation organized in 1979, in connection with a bankruptcy reorganization that became effective on September 10, 2003. Its headquarters are in Carmel, Indiana. CNO Financial Group is a holding company for a family of life, accident, and health insurance companies, and is the sole owner of CDOC, Inc. (CDOC).

WNIC became part of the CNO Financial Group insurance holding company system on December 5, 1997, when CNO acquired all the issued and outstanding capital stock of Washington National Corporation (Washington National), a publicly traded holding company that owned WNIC. On December 31, 1998, 100% of the issued and outstanding common stock of Washington National was contributed to Jefferson National Life Insurance Company of Texas, now Conseco Life Insurance Company of Texas (CLICT), in exchange for a surplus debenture issued by

CLICT. On June 30, 1999, Washington National was dissolved and WNIC became a wholly-owned subsidiary of CLICT. On July 23, 2008, CLICT paid an extraordinary dividend in the form of 100% of the common stock of WNIC to CDOC and as a result, all outstanding shares of WNIC are owned by CDOC.

Effective September 30, 2010, WNIC was redomesticated from Illinois to Indiana, and effective October 1, 2010, Conseco Insurance Company (CIC) and Conseco Health Insurance Company (CHIC) merged with and into WNIC.

In 2017, WNIC formed a wholly-owned non-insurance subsidiary, Indiana General Investment Corp. (INGIC). INGIC was incorporated to acquire residential whole mortgage loans through Indiana General Investment Trust, a wholly-owned subsidiary of INGIC.

CAPITAL AND SURPLUS

WNIC had 5,250,000 authorized shares of common stock, with a par value of \$5 per share and 5,007,370 shares issued and outstanding throughout the examination period.

WNIC paid contributions to INGIC of \$12 million and \$38 million in 2023 and 2022, respectively.

DIVIDENDS TO STOCKHOLDERS

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

Year	Total	Ordinary	Extraordinary
		Dividends	Dividends
2023	\$ 88,000	\$ -	\$ 88,000
2022	83,000	-	83,000
2021	72,000	20,000	52,000
2020	34,000	11,000	23,000
2019	65,000	-	65,000
Total	<u>\$ 342,000</u>	<u>\$ 31,000</u>	<u>\$ 311,000</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 gains from such insurer of the prior year. Due to the Company's earned surplus deficit, all dividends require prior approval under IC 27-1-3-24(b). The Company paid twelve (12) extraordinary dividends during the examination period with the prior approval of the INDOI. As directed by the INDOI in 2011, the Company records dividends in excess of the reported positive unassigned balance as a return of paid-in capital or paid-in surplus. 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 no less than five (5) and no more than nine (9) directors who are at least twenty-one (21) years of age. The shareholder, at each annual meeting, elects the members of the Board.

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

Name and Location	Principal Occupation
Michael Bruce Byers ¹ Boston, Massachusetts	President, Worksite Division CNO Financial Group
Karen Jeannine DeToro ² Clarendon Hills, Illinois	Executive Vice President and Chief Actuary CNO Financial Group
John Robert Kline ³ Indianapolis, Indiana	Senior Vice President and Chief Accounting Officer CNO Financial Group
Paul Harrington McDonough Chicago, Illinois	Executive Vice President and Chief Financial Officer CNO Financial Group
Gregory Dean Turner Zionsville, Indiana	Senior Vice President, Product Management, CNO Financial Group

¹ Replaced by Karen Jeannine DeToro effective January 1, 2024.

² Replaced by Jeremy David Williams effective January 1, 2024.

³ Replaced by Michellen Annette Wildin effective January 1, 2024.

Officers

The Company's Bylaws state that the elected officers of the Company shall consist of a Chairman of the Board, a President, one (1) or more Vice Presidents, a Treasurer, and a Secretary. The Board may create at any time, any other offices that it may deem proper. Each of these officers is elected by the Board at their regular annual meeting and shall hold office for one (1) year and until their respective successors are duly chosen and have qualified. Any vacancy in any office may be filled by the Board at any meeting. All non-elected offices may be filled by appointment of the Chairman of the Board or the President, and their incumbents shall be subject to removal by the Chairman of the Board or the President at any time. Ownership of stock shall not be a necessary qualification for any officer. Any two (2) offices may be held by one (1) person.

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

Name	Office
Michael Bruce Byers	Chairman of the Board and President
Thomas Bernard Kleyle	Treasurer
Rachel Johanna Spehler	Secretary
Andrew James Haider	Actuary
Eric Ronald Johnson	Executive Vice President
Karen Jeannine DeToro	Executive Vice President
Paul Harrington McDonough	Executive Vice President
Matthew Joseph Zimpfer	Executive Vice President
John Robert Kline	Senior Vice President
Richard Jason Shaffer	Senior Vice President
Gregory Dean Turner	Senior Vice President
Michellen Annette Wildin	Senior Vice President
Jeremy David Williams	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

There were no amendments made to the Articles of Incorporation during the examination period.

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 state the annual meeting of shareholders shall be held on the first Tuesday of May, or at such other date and time as shall be designated from time to time by the Board. WNIC complied with IC 27-1-7-7(b) in 2019 and 2020; however, the meeting was not held within the required timeframe during the years 2021 through 2023 (see Other Significant Issues on page 14).

The CNO Financial Group committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Audit and Enterprise Risk Committee, Corporate Governance and Nominating Committee, Executive Committee, Human Resources and Compensation Committee, and Investment Committee.

AFFILIATED COMPANIES

Organizational Structure

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

	NAIC Co. Code	Domiciliary State/Country
CNO Financial Group, Inc.	-	DE
CDOC, Inc.	-	DE
CNO Bermuda Re, Ltd.	-	BMU
Conseco Life Insurance Company of Texas	11804	TX
Bankers Conseco Life Insurance Company	68560	NY
Bankers Life and Casualty Company	61263	IL
Colonial Penn Life Insurance Company	62065	PA
Resource Life Insurance Company	61506	IL
Washington National Insurance Company	70319	IN
Indiana General Investment Corp.	-	DE
Indiana General Investment Trust	-	DE

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.

Services Agreement and Agency Agreement

Effective November 15, 2021, and December 20, 2021, WNIC is a party to a Services Agreement and an Agency Agreement, respectively, with Optavise, LLC (Optavise), formerly known as DirectPath, LLC. Effective May 15, 2023, the Services Agreement was amended to add additional services to be provided by Optavise at WNIC's request. The Agreements support the transition of Optavise as an in-house independent marketing organization for WNIC's worksite agents. Under the Services Agreement, Optavise provides recruitment and training services for agents to sell WNIC's portfolio of products as well as technology, telesales, and administrative and customer support services to WNIC. In turn, WNIC provides: (i) paymaster services to agents for sales of products and services available to Optavise through marketing and distribution agreements, and (ii) certain support services at the request of Optavise. In 2022, Optavise began contracting directly with WNIC's Worksite agents under the Agency Agreement. In 2023, WNIC incurred expenses of \$1,500,000 under the Services Agreement and no expenses under the Agency Agreement.

Services Agreement and Agency Agreement

Effective July 1, 2021, and September 15, 2021, WNIC is party to a Services Agreement and Agency Agreement, respectively, with K.F. Agency, Inc. (KFA), a licensed insurance agency and indirect wholly owned subsidiary of CNO Financial Group. The agreements support the transition of KFA as an in-house independent marketing organization for the WNIC's field agents, providing agent recruiting and development, technology, marketing, and related services to the Company. In turn, WNIC provides paymaster services and certain support services. In 2022, KFA began contracting directly with WNIC's Consumer Division field agents. In 2023, WNIC incurred expenses of \$17,121,516 and \$931,513, pursuant to the Services and Agency Agreements, respectively.

Paymaster Services Agreement and Agency Agreement

Effective December 19, 2016, WNIC is party to a Services Agreement with Performance Matters Associates, Inc. (PMA). Under the Services Agreement, WNIC will provide paymaster services to PMA for the payment of certain hierarchy compensation, paid as directed by PMA, to PMA agents for sales of BLCC products. PMA will reimburse WNIC for all amounts paid to PMA agents. In 2023, WNIC received no expense reimbursements from PMA pursuant to the Services Agreement.

Agent Recruiting and Development Services Agreement

Effective January 1, 2015, WNIC is a party to an Agent Recruiting and Development Services Agreement with PMA, a licensed insurance agency. Under the Agreement, PMA provides recruitment and training services for agents to sell WNIC's portfolio of products. In 2023, WNIC incurred expenses of \$1,500,000 pursuant to this Agreement.

National Distribution Contract

Effective September 22, 2005, CNO Services, LLC (CNO Services) is a party to a National Distribution Contract (Distribution Contract) with nonaffiliate, Coventry Health and Life Insurance Company, and certain of its affiliates (collectively Coventry), to distribute Medicare Part D stand-alone Prescription Drug Plans through duly appointed agents of CIC and other of its affiliates. Additionally, CIC and its same affiliates are party to a Marketing Agreement with CNO Services effective January 1, 2006. Effective with the merger of CIC and CHIC, with and into WNIC, WNIC became a party to the Marketing Agreement. Effective October 1, 2010, the Marketing Agreement was amended to add indemnification and governing law provisions, and effective October 1, 2011, the Distribution Agreement was amended to add KFA as a party. In 2023, WNIC had no activity pursuant to this Agreement.

Tax Allocation Agreement

Effective January 1, 2003, WNIC joined the CNO Financial Group and Subsidiaries Amended and Restated Consolidated Income Tax Agreement and files a life-nonlife consolidated federal income tax return with CNO Financial Group and its subsidiaries. Pursuant to this Agreement, CLICT receives and disburses tax-sharing payments from/to CNO Financial Group's insurance subsidiaries participating in this Agreement. In 2023, WNIC paid CLICT \$18,198,799.

Investment Advisory Agreement

Effective December 5, 1997, WNIC is party to an Investment Advisory Agreement with 40|86 Advisors, Inc. (40|86 Advisors) whereby 40|86 Advisors manages the Company's investments and provides investment accounting services. The Agreement was amended effective October 1, 2010, to include WNIC's redomestication to Indiana. In 2023, expenses paid by WNIC to 40|86 Advisors pursuant to this Agreement were \$11,771,092.

Loan Servicing and Origination Agreement

Effective December 5, 1997, WNIC is party to a Loan Servicing and Origination Agreement with 40|86 Mortgage Capital, Inc. (40|86 Mortgage) whereby 40|86 Mortgage provides origination and servicing for the Company's mortgage loans. The Agreement was amended effective October 1, 2010, to include WNIC's redomestication to Indiana. In 2023, expenses paid by WNIC to 40|86 Mortgage pursuant to this Agreement were \$269,332.

Insurance Services Agreement

Effective December 5, 1997, WNIC is party to an Insurance Services Agreement with CNO Services whereby CNO Services provides certain administrative and special services to the Company. The Agreement was amended effective October 1, 2010, to include WNIC's redomestication to Indiana, and again on May 16, 2018, to clarify the Special Investigations Unit services already contracted for and being provided under the Agreement for conformance with the California Insurance Frauds Prevention Act. In 2023, expenses paid by WNIC to CNO Services pursuant to this Agreement were \$181,448,409.

Lease Agreement – Carmel Home Office

Effective January 1, 1996, WNIC is a party to a Lease Agreement with CNO Services whereby CNO Services leases office space from WNIC at its home offices located in Carmel, Indiana. On January 1, 2021, the lease term was extended for an additional five (5) years, until December 31, 2025. Additionally, effective April 1, 2024, Amendment No. 5 was executed, which reduced the amount of space leased and the rental rate. In 2023, WNIC earned income of \$7,000,536 pursuant to this Agreement.

Reinsurance Agreements

Indemnity Coinsurance Agreement

Effective April 1, 2019, WNIC entered into an agreement to assume a legacy block of annuity business through 100% indemnity coinsurance from CPLIC. During 2023, an existing unaffiliated reinsurance agreement on the block was recaptured, resulting in a transfer of additional reserves of \$3,371,135 to WNIC by CPLIC under this agreement. As of December 31, 2023, WNIC had assumed reserves of \$43,922,165 from CPLIC pursuant 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 National Union Fire Insurance Company of Pittsburgh, Pa. The bond has a single loss coverage limit of \$10 million with a \$500,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2023, including but not limited to automobile, directors' and officers' liability, fiduciary, property, and workers' compensation liability.

TERRITORY AND PLAN OF OPERATION

WNIC is an indirect, wholly-owned subsidiary of CNO Financial Group, a publicly held company. WNIC primarily sells supplemental health (including specified disease and accident and health indemnity insurance products) and life insurance policies and offers both traditional and non-traditional life insurance policies. The policies are marketed to middle-income consumers at home and at the worksite through PMA and Optavise, both of which are wholly-owned subsidiaries of CDOC, and through independent marketing organizations and agencies. In 2022, the Company began selling Medicare supplement policies underwritten and issued by the Company through exclusive field agents. The exclusive field agents work across the United States and establish one-on-one contact with potential policyholders and promote strong personal relationships with existing policyholders. WNIC is licensed to sell its products in all states, excluding New York, and in the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

The Company's largest states, by total Direct Premium Written, as of December 31, 2023, are Florida \$60.2 million (7.7%), Illinois \$66.3 million (8.5%), Iowa \$70.9 million (9.1%), and Texas \$51.2 million (6.5%). These states accounted for 31.8% of total writings in 2023.

REINSURANCE

Assumed Reinsurance

WNIC reported a modest amount of assumed business consisting primarily of contracts with three (3) counterparties. WNIC's largest treaty stems from a 2019 assumption of annuity business from an affiliate, CPLIC.

The contract generated \$44 million of the Company's total life assumed reserves of \$79 million reported as of December 31, 2023. The two (2) remaining counterparties are non-affiliates. The first, Sagicor Life, has been in effect since 1999 and covers a small block of assumed life business carrying reserves of roughly \$20 million as of December 31, 2023. The second involves a contract assumed from Lumbermen's Mutual Casualty (formerly Swiss Re) covering a small block of business valued at just over \$5 million as of December 31, 2023.

WNIC is also a party to a 2014 assumed modified coinsurance agreement whereby the Company assumes a block of health business from Wilcac Life Insurance Company (formerly Conseco Life Insurance Company). Reserves held under this arrangement amounted to \$75 million and account for substantially all of WNIC's assumed modified coinsurance business. In addition to this block, the Company has two (2) smaller legacy accident and health arrangements in force as of December 31, 2023. These involve contracts with Universal Fidelity Life Insurance Company, originally effective in 1998, with \$7 million assumed reserves, and Jefferson National Life Insurance Company, effective since 2002, covering assumed accident and health reserves totaling \$5 million in assumed reserves as of December 31, 2023.

Ceded Reinsurance

The majority of WNIC's ceded insurance business relates to legacy reinsurance arrangements in place at the time of the previous examination. Of these, the largest involves the sale of a large block of business to Jackson National Insurance Company (formerly Reassure America Life) in 2007. Since that time, the business has been managed by a third-party administrator who reports balances to WNIC quarterly. This arrangement accounted for ceded reserves totaling \$790 million as of December 31, 2023.

In addition, through a sale transaction initiated with Wilton Re in 2009, WNIC reinsured a second block of traditional life, universal life, annuities, and supplemental contract business resulting in ceded reserves of \$216 million. Collectively these two (2) transactions account for roughly \$1.0 billion of the total \$1.1 billion of ceded reserve credits. As of December 31, 2023, both assuming reinsurance counterparties are rated "A" or higher by A.M. Best.

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.

WASHINGTON NATIONAL INSURANCE COMPANY
Assets
As of December 31, 2023
(in 000s)

	<u>Per Examination*</u>
Bonds	\$ 5,248,018
Stocks:	
Preferred Stocks	33,781
Common stocks	106,279
Mortgage loans on real estate:	
First Liens	102,140
Real estate:	
Properties held for sale	41,204
Cash, cash equivalents and short-term investments	54,556
Contract loans	19,043
Derivatives	4,073
Other invested assets	225,998
Subtotals, cash, and invested assets	5,835,092
Investment income due and accrued	61,988
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	11,507
Deferred premiums, agents' balances and installments booked but deferred and not yet due	2,711
Reinsurance:	
Amounts recoverable from reinsurers	2,364
Other amounts receivable under reinsurance contracts	3,606
Net deferred tax asset	38,182
Guaranty funds receivable or on deposit	2,468
Electronic data processing equipment and software	4,537
Health care and other amounts receivable	486
Aggregate write-ins for other than invested assets	450
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	5,963,390
From Separate accounts, Segregated Accounts and Protected Cell Accounts	3,100
Totals	<u>\$ 5,966,490</u>

* The balances include immaterial rounding differences.

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

	<u>Per Examination*</u>
Aggregate reserve for life contracts	\$ 701,099
Aggregate reserve for accident and health contracts	3,654,248
Liability for deposit type contracts	860,959
Contract claims:	
Life	6,651
Accident and health	166,913
Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year – estimated amounts:	
Policyholders' dividends and refunds to members apportioned for payment	458
Premiums and annuity considerations for life and accident and health contracts received in advance	20,597
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	2,123
Interest maintenance reserve	125,846
Commissions to agents due or accrued	4,610
General expenses due or accrued	11,368
Taxes, licenses and fees due or accrued, excluding federal income taxes	4,894
Current federal and foreign income taxes	3,089
Unearned investment income	232
Amounts withheld or retained by reporting entity as agent or trustee	257
Amount held for agents' account	1,051
Remittances and items not allocated	3,012
Miscellaneous liabilities	
Asset valuation reserve	76,157
Payable to parent, subsidiaries, and affiliates	8,107
Aggregate write-ins for liabilities	14,455
Total liabilities excluding separate accounts business	5,666,123
From Separate accounts statement	3,100
Total liabilities	<u>5,669,223</u>
Common capital stock	25,037
Gross paid in and contributed surplus	1,006,376
Unassigned funds (surplus)	(734,146)
Surplus	272,230
Total capital and surplus	<u>297,267</u>
Totals	<u><u>\$ 5,966,490</u></u>

* The balances include immaterial rounding differences.

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

	Per Examination*
Premiums and annuity considerations for life, accident and health contracts	\$ 784,267
Considerations for supplementary contracts with life contingencies	235
Net investment income	287,393
Amortization of interest maintenance reserve	9,353
Commissions and expense allowances on reinsurance ceded	1,231
Miscellaneous income:	
Income fees associated with investment management, administration and contract guarantees from separate accounts	35
Charges and fees for deposit-type contracts	8
Aggregate write-ins for miscellaneous income	<u>21,401</u>
Total	1,103,922
Death benefits	21,017
Matured endowments	845
Annuity benefits	25,453
Disability benefits and benefits under accident and health contracts	479,153
Surrender benefits and withdrawals for life contracts	31,724
Interest and adjustments on contract or deposit type contract funds	29,141
Payments on supplementary contracts with life contingencies	3,371
Increase in aggregate reserves for life, accident, and health contracts	<u>70,854</u>
Total	661,557
Commissions on premiums, annuity considerations, and deposit type contract funds	147,767
Commissions and expense allowances on reinsurance assumed	3,055
General insurance expenses and fraternal expenses	208,414
Insurances taxes, licenses and fees excluding federal income taxes	22,726
Increase in loading on deferred and uncollected premiums	(109)
Net transfers to or (from) separate accounts net of reinsurance	(89)
Aggregate write-ins for deductions	<u>(18,219)</u>
Total	1,025,102
Net gain from operations before dividends to policyholders, refunds to members and federal income taxes	78,819
Dividends to policyholders and refunds to members	<u>443</u>
Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes	78,376
Federal and foreign income taxes incurred	<u>26,122</u>
Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses)	52,254
Net realized capital gains (losses)	<u>(7,707)</u>
Net income	\$ 44,548

* The balances include immaterial rounding differences.

WASHINGTON NATIONAL INSURANCE COMPANY
Reconciliation of Capital and Surplus Account
(in 000s)

	2023	2022	2021	2020	2019
Capital and surplus, December 31, prior year	\$ 282,581	\$ 361,002	\$ 361,650	\$ 347,577	\$ 365,762
Net income	44,548	65,033	57,302	65,244	59,540
Change in net unrealized capital gains (losses)					
less capital gains tax	11,046	(11,277)	9,940	(5,541)	13,640
Change in net deferred income tax	3,308	13,713	8,591	9,808	11,199
Change in non-admitted assets	53,567	(69,228)	(5,547)	(19,301)	(21,314)
Change in asset valuation reserve	(9,783)	6,337	1,066	(2,137)	(16,250)
Paid in	(88,000)	(83,000)	(72,000)	(34,000)	(65,000)
Net change in capital and surplus for the year	14,685	(78,421)	(648)	14,074	(18,186)
Capital and surplus, December 31, current year*	<u>\$ 297,267</u>	<u>\$ 282,581</u>	<u>\$ 361,002</u>	<u>\$ 361,650</u>	<u>\$ 347,577</u>

* The balances include immaterial rounding differences.

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

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 state the annual meeting of shareholders shall be held on the first Tuesday of May, or at such other date and time as shall be designated from time to time by the Board. The examiners reviewed the annual shareholder minutes and noted the 2021 meeting was held in June; the 2022 meeting was held in July; and the 2023 meeting was held in December. The Company should ensure that future annual shareholder meetings are held in compliance with Indiana Code and Company's Bylaws.

SUBSEQUENT EVENTS

In March 2024, WNIC commenced relocating its statutory home and principal executive office to lease office space at a nearby location within Carmel, Indiana.

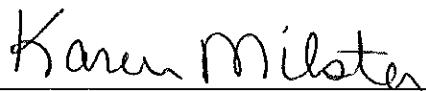
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that she, in coordination with staff assistance from Noble Consulting Services, Inc., performed an examination of Washington National Insurance Company, 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 Washington National Insurance Company as of December 31, 2023, as determined by the undersigned.



Karen Milster, CFE, CPA
Noble Consulting Services, Inc.

Under the Supervision of:



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

Lorie A Ellert
Notary Public

SEAL

Marion County, State of Indiana
My Commission Expires July 11, 2025
Commission #702622

State of: Indiana
County of: Marion

On this 23rd day of JUNE, 2025, before me personally appeared, Karen Milster and Jerry Ehlers, to sign this document.

IN WITNESS WHEROF, 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:


My 11, 2025 Lorie A. Ellert
Notary Public

