



Janet T. Mills
Governor

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
AND FINANCIAL REGULATION
BUREAU OF INSURANCE
34 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0034

Eric A. Cioppa
Superintendent

June 17, 2020

Eric A. Cioppa, Superintendent
Maine Bureau of Insurance
34 State House Station
Augusta, ME 04333-0034

Dear Superintendent:

Pursuant to the provisions of 24-A M.R.S. §221 and in conformity with your instructions, a financial examination has been made of the

UNUM LIFE INSURANCE COMPANY OF AMERICA

a Maine domestic stock, life insurance company. The examination was conducted at its statutory home office in Portland, Maine. The following report is respectfully submitted.



PRINTED ON RECYCLED PAPER

OFFICES LOCATED AT 76 NORTHERN AVENUE, GARDINER,
MAINE 04345

www.maine.gov/insurance

Phone: (207) 624-8475 TTY: Please call Maine Relay 711 Consumer Assistance: 1-800-300-5000 Fax (207) 624-8599

REPORT OF EXAMINATION
UNUM LIFE INSURANCE COMPANY OF AMERICA
AS OF DECEMBER 31, 2018

ACCEPTANCE OF REPORT OF EXAMINATION

WHEREAS a verified Report of Examination of Unum Life Insurance Company of America dated June 17, 2020, was delivered to that insurer on June 18, 2020; and

WHEREAS Unum Life Insurance Company of America and Bureau of Insurance staff have agreed to certain modifications with respect to the Report of Examination; and

WHEREAS I find such modifications proper; and

WHEREAS no hearing with respect to the Report of Examination has been requested by Unum Life Insurance Company of America;

NOW THEREFORE, I accept the Report of Examination and hereby order it placed on file in the Bureau of Insurance as provided for by 24-A M.R.S. §226 (3).

Dated: June 30, 2020

Eric A. Cioppa
Eric A. Cioppa, Superintendent

TABLE OF CONTENTS

SCOPE OF EXAMINATION	1
SUMMARY OF SIGNIFICANT FINDINGS	2
PRIOR EXAMINATION	2
CURRENT EXAMINATION.....	2
THE COMPANY.....	2
HISTORY.....	2
CORPORATE OWNERSHIP.....	3
CORPORATE RECORDS.....	5
CORPORATE GOVERNANCE	5
TRANSACTIONS WITH AFFILIATES.....	6
TERRITORY & PLAN OF OPERATION	7
REINSURANCE	8
FINANCIAL STATEMENTS.....	13
STATEMENT OF ADMITTED ASSETS, LIABILITIES AND SURPLUS.....	14
STATEMENT OF OPERATIONS.....	16
STATEMENT OF CAPITAL AND SURPLUS	17
COMMENTS ON THE FINANCIAL STATEMENTS.....	18
SUBSEQUENT EVENTS	19
SUMMARY OF RECOMMENDATIONS	19

SCOPE OF EXAMINATION

Unum Life Insurance Company of America (the “Company” or ULA) was last examined as of December 31, 2013, by the Maine Bureau of Insurance (MBOI). The prior full-scope risk focused examination covered the period from January 1, 2009 through December 31, 2013. The present full-scope risk focused examination was conducted by the MBOI and covered the period from January 1, 2014 through December 31, 2018.

This examination was a group coordinated examination. The MBOI served as the lead state on the examination and three other states accepted the invitation to participate on the coordinated examination of certain Unum Group companies. The Tennessee Department of Commerce and Insurance, Massachusetts Division of Insurance and New York Department of Financial Services served in the capacity of participating states.

On May 11, 2018, the MBOI called a limited scope examination of ULA’s Long-Term Care (LTC) insurance reserves. Milliman, Inc. (“Milliman”) was retained to provide contracted actuarial services on behalf of the MBOI in connection with this limited-scope examination as well as to complete the actuarial components of the full-scope examination of ULA with regard to LTC insurance. The purpose of the limited scope examination was to review the Company’s reserving methodology, prepare independent financial projections using the Milliman model for the ULA LTC business as of December 31, 2018, and commence examination work early in an area that had the potential to take longer than the eighteen months allowed by the National Association of Insurance Commissioners (NAIC) for the completion of a timely multi-state coordinated examination. This report addresses both the full scope risk focused examination of ULA and the limited scope LTC examination of ULA.

This examination was performed pursuant to the risk-focused approach promulgated by the NAIC, in conformity with statutory accounting practices, NAIC guidelines, the 2019 Financial Condition Examiners Handbook and the laws, rules, and regulations prescribed or permitted by the State of Maine. The examination consisted of a review of the Company's operations, controls, and corporate governance, valuation of assets, and determination of liabilities at December 31, 2018. The examination also included the identification and evaluation of significant risks that could cause the Company’s surplus to be materially misstated both currently and prospectively. Ernst & Young (EY) performed the 2018 external audit of Unum Group and the Company. EY work papers were utilized for this examination to the extent deemed appropriate in order to enhance the effectiveness and efficiency of this examination.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The examination does not attest to the fair presentation of the financial statements included herein. Comments on various balance sheet items, for purposes of this report, may be limited to matters involving clarification, departures from laws, rules and regulations, and/or significant changes in amounts. To the extent deemed necessary, transactions occurring subsequent to the examination date were reviewed.

This examination report includes significant findings of fact, pursuant to 24-A M.R.S. §225 (1), and general information about the Company and its financial condition. There may be other items

identified during the examination that, due to their nature, are not included herein, and are instead separately reported to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

PRIOR EXAMINATION

None noted.

CURRENT EXAMINATION

The MBOI's consulting LTC actuaries, Milliman, reviewed the gross LTC total reported policy reserves and other actuarial items reported by ULA. As discussed in the Reinsurance section of this report, the LTC line of business is 100% ceded to an affiliated captive insurance company, Fairwind Insurance Company ("Fairwind"), via a funds withheld coinsurance reinsurance agreement. As of December 31, 2018, the gross LTC insurance reserves of \$9,228,400,000 reported by the Company were \$2,085,740,649 less than the consulting LTC actuary's gross premium reserve best estimate of \$11,314,140,649 and therefore it is Milliman's opinion that the gross LTC reserves are deficient by \$2,085,740,649.

See Note 1 in the Comments on the Financial Statements within this examination report for further discussion of this examination finding. See the Subsequent Events section for a discussion of a permitted practice approved in connection with this examination finding that allows ULA to phase in the reserve increase associated with this examination finding over seven years beginning at year-end 2020.

THE COMPANY

HISTORY

The Company was incorporated on August 24, 1966 in the State of Maine and commenced business on September 3, 1966 as Community Life Insurance Company. Effective June 10, 1970, the Company changed its name to Unionmutual Life Insurance Company of America. Effective May 28, 1971, the Company changed its name to Unionmutual Stock Life Insurance Company of America. Effective November 18, 1986, as part of the demutualization plan, the Company changed its name to Unum Life Insurance Company of America.

Effective December 31, 1991, Unum Corporation (UC) merged two affiliated companies, Unum Life Insurance Company (ULIC) and Unum Pension and Insurance Company (UPIC), into the Company. As a result of the merger, the Company became jointly owned by UC and Unum Holding Company, a wholly owned subsidiary of UC. As a condition of the merger, ULIC paid UC \$60,000,000 plus accrued interest to retire surplus debentures. In addition, \$50,000,000 of surplus debentures between ULIC and the Company were forgiven, along with accrued interest thereon. The Company was also required to increase its paid-in capital stock to an amount of \$5,000,000.

In connection with the merger of ULIC and UPIC into the Company, ULIC ceased to be licensed in the State of New York effective December 31, 1991, with all prospective New York business to be transacted by First Unum Life Insurance Company (“First Unum”). As a condition to regulatory approval by the New York Insurance Department, the Company agreed to maintain a security deposit in the State of New York equal to 102% of the outstanding statutory liabilities to New York policyholders, insureds and claimants of ULIC.

In 1996, Commercial Life Insurance Company, an affiliated company writing group universal life and travel accident coverage, was merged with and into the Company.

On November 22, 1998, Provident Companies, Inc. (PC) and UC signed an agreement providing for the merger of UC into PC with PC being the surviving corporation. The merger closed on June 30, 1999, at which time PC changed its name to UnumProvident Corporation (UPC). As part of the approval to merge, the MBOI issued a Decision and Order, dated June 18, 1999, which outlined certain requirements for the Company.

On December 22, 2004, Unum Holding Company was merged into UPC. Accordingly, on December 31, 2004, the Company was a wholly owned subsidiary of UPC.

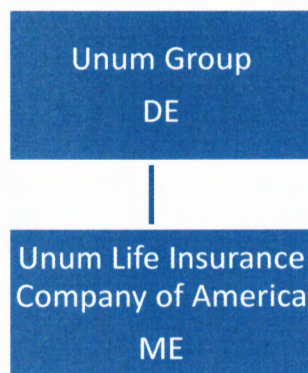
On February 27, 2007, UPC changed its name to Unum Group.

Effective March 1, 2007, the Company sold its 100% common stock ownership in GENEX Services, Inc., a Pennsylvania corporation.

Effective August 31, 2015, Tailwind Reinsurance Company (“Tailwind Re”) merged with and into ULA. Tailwind Re was a special purpose reinsurance captive with only a single policyholder, ULA. The MBOI issued an Order approving the merger between the two entities on August 27, 2015. The majority of the block of group long-term disability (LTD) business previously ceded to Tailwind Re was subsequently ceded to an unaffiliated reinsurer.

CORPORATE OWNERSHIP

ULA is a wholly owned subsidiary of Unum Group, a Delaware general business corporation that acts as a holding company for insurance and non-insurance subsidiaries. The Company is significantly dependent on Unum Group for business operations, administrative and other services. Unum Group’s insurance and non-insurance subsidiaries operate in the United States (U.S.), the United Kingdom, Poland and in certain other countries. At December 31, 2018, Unum Group consisted of thirty-five affiliated companies operating under common management and control. An abbreviated organizational chart as of December 31, 2018 is presented below:



Unum Group’s reporting segments at December 31, 2018 included the following: Unum US, Unum International, Colonial Life, Closed Block and Corporate. The Company’s actively marketed business is part of the Unum US reporting segment. The Unum US segment includes the following lines of business: group long-term and short-term disability insurance, group life and accidental death and dismemberment (AD&D) products, individual disability insurance (IDI), voluntary benefits, and dental and vision products. Unum US products are issued primarily by ULA, Provident Life and Accident Insurance Company and Starmount Life Insurance Company. The Closed Block segment consists of IDI, group and individual LTC and other insurance products that are no longer actively marketed. At December 31, 2018, Unum Group has two Vermont domiciled captive insurers that were established for the limited purpose of reinsuring business attributable to certain policies issued by Unum Group subsidiary insurance companies, Fairwind and Northwind Reinsurance Company.

The corporate ownership structure for U.S. based insurance entities within Unum Group follows:

	NAIC Co. Code	Domiciliary State
Unum Group		DE
First Unum Life Insurance Company	64297	NY
Unum Life Insurance Company of America	62235	ME
Colonial Life & Accident Insurance Company	62049	SC
Fairwind Insurance Company		VT
Northwind Holdings, LLC		DE
Northwind Reinsurance Company	13031	VT
The Paul Revere Life Insurance Company	67598	MA
Unum Insurance Company	67601	ME
Provident Life and Accident Insurance Company	68195	TN
Provident Life and Casualty Insurance Company	68209	TN
H&J Capital, LLC		LA
Starmount Life Insurance Company	68985	ME

CORPORATE RECORDS

The Company's articles of incorporation, by-laws, and minutes of the board of directors meetings held during the period under examination were reviewed.

CORPORATE GOVERNANCE

The Company is governed and overseen by the board of directors and the management team of Unum Group. The Company maintains its own board of directors and corporate officers, thereby satisfying certain legal and insurance regulatory requirements.

At December 31, 2018, Unum Group's Board of Directors (the "Board") consisted of ten independent directors as well as Richard P. McKenney, Unum Group's President and Chief Executive Officer. The Board approves the strategic direction of Unum Group's business and financial objectives, monitors the effectiveness of management's implementation of policies and plans and provides oversight and support in achieving corporate objectives.

The Board has five standing committees: Audit Committee, Risk and Finance Committee, Governance Committee, Human Capital Committee, and Regulatory Compliance Committee. Unum Group also has an Investment Committee comprised of senior officers of Unum Group. The duties and responsibilities of the Board and the committees are set forth in Unum Group's by-laws and committee charters as applicable.

As of December 31, 2018, ULA's board of directors consisted of the following members:

<u>Name</u>	<u>Title</u>
Michael Quinn Simonds*	President and Chief Executive Officer, Unum US
Puneet Bhasin	Executive Vice President, Chief Information and Digital Officer
Lisa Gonzalez Iglesias	Executive Vice President, General Counsel, Unum Group
John Francis McGarry*	Executive Vice President, Chief Financial Officer, Unum Group
Stephen Joseph Mitchell	Senior Vice President, Chief Financial Officer US Finance
Cherie Antoinette Pashley*	Senior Vice President, Tax and Treasury
Steven Andrew Zabel*	Senior Vice President, President, Closed Block Operations

The Company's officers, as listed in the December 31, 2018 statutory annual statements, are:

<u>Name</u>	<u>Title</u>
Michael Quinn Simonds	Chairman, President and Chief Executive Officer
Puneet Bhasin	Executive Vice President, Chief Information and Digital Officer
Lisa Gonzalez Iglesias	Executive Vice President, General Counsel
John Francis McGarry*	Executive Vice President, Finance
Stephen Joseph Mitchell*	Senior Vice President, Chief Financial Officer US Finance
Marylou Ryan Murphy*	Senior Vice President, Chief Actuary and Appointed Actuary
Cherie Antoinette Pashley*	Senior Vice President, Tax and Treasury
Daniel Jason Waxenberg*	Senior Vice President, Chief Accounting Officer
Jean Paul Jullienne	Vice President, Managing Counsel and Corporate Secretary
Benjamin Seth Katz	Vice President, Treasurer

* See below for a summary of changes to the Company's officers and directors subsequent to December 31, 2018:

Effective July 1, 2019, John Francis McGarry resigned as an officer of Unum Group and an officer and director of the Company due to his retirement. Mr. McGarry served as Executive Vice President and Chief Financial Officer of Unum Group from April, 2015 through June, 2019 and prior to that served as President and Chief Executive Officer, Closed Block Operations of Unum Group and in various other capacities within Unum Group and Unum predecessor companies.

Effective July 1, 2019, Steven Andrew Zabel, formerly Senior Vice President, President, Closed Block Operations of Unum Group was appointed as Executive Vice President, Chief Financial Officer of Unum Group and Executive Vice President, Finance of the Company. Mr. Zabel first began his tenure at Unum Group in August, 2013 as Chief Risk Officer and served as President, Closed Block Operations from May, 2015 through June, 2019.

Effective July 1, 2019, Marylou Ryan Murphy was promoted to Senior Vice President, Closed Block Operations of Unum Group and appointed to the ULA board of directors.

Effective July 1, 2019, Scott Allan Carter was appointed as Senior Vice President, Chief Actuary of Unum Group and the Company and Appointed Actuary of the Company.

Effective February 1, 2020, Michael Quinn Simonds was appointed as Chief Operating Officer of Unum Group.

Effective March 18, 2020, Stephen Joseph Mitchell resigned as Senior Vice President, Chief Financial Officer and, effective March 19, 2020, as a director of the Company.

Effective March 18, 2020, Daniel Jason Waxenberg was appointed as Senior Vice President, Global Financial Planning and Analysis of the Company. Effective March 19, 2020, Mr. Waxenberg was elected as a director of the Company.

Effective March 18, 2020, Cherie Antoinette Pashley was appointed as Senior Vice President, Chief Accounting Officer and Head of Treasury of the Company. Effective March 19, 2019, Ms. Pashley resigned as a director of the Company.

Effective March 19, 2020, Christopher Wallace Pyne was elected as a director of the Company.

TRANSACTIONS WITH AFFILIATES

The Company receives certain administrative and management services, including but not limited to: general management services and consultation; facilities management; information systems and records management; legal, regulatory, and compliance counsel; risk management; tax; human resources; internal audit; cash management; financial management; actuarial; pricing; and corporate relations and marketing and product support, management, and services including but not limited to: marketing; sales management; underwriting; claims; client services; and system support from Unum Group under the terms of a written general services agreement.

The Company is a party to a written tax sharing agreement with its parent and affiliates. The agreement provides that the portion of the consolidated tax liability allocated to the Company is based on its separate tax return liability.

The Company is party to a written investment management agreement with its affiliate, Provident Investment Management, LLC (PIM), under which PIM serves as the Company's investment advisor with regard to designated assets.

The Company paid dividends to its sole shareholder, Unum Group, of \$375,000,000 in 2018 and \$1,350,531,642 during the examination period.

TERRITORY & PLAN OF OPERATION

The Company is licensed in the District of Columbia and all states except New York. The Company also is licensed in Guam and Puerto Rico.

The Company primarily writes group LTD insurance, group life insurance and group AD&D insurance. The Company stopped writing individual LTC insurance and group LTC insurance in 2009 and 2012, respectively. Products are marketed using the brand name "Unum". The products are marketed primarily to employers and multi-life employee groups by the Company's sales force working in conjunction with independent brokers & consultants. The Company no longer actively sells IDI.

Group Long-Term Disability Insurance

Group LTD insurance contracts are generally written to employer groups and protect the insured employee from loss of income due to disability. LTD benefits begin after the satisfaction of an elimination period until the maximum benefit duration, frequently to age 65, is reached. Income replacement is generally set at 50% to 70% of pre-disability income. Elimination periods range from 30 days to 365 days with the most common being 90 days and 180 days. The majority of contracts include a two year "own occupation" definition of disability followed by an "any occupation" definition.

Individual Disability Insurance

The Company's IDI contracts provide monthly or lump sum benefits to policyholders during periods of total or residual (partial) disability after the satisfaction of an elimination period. The portfolio of products included a broad array of policy forms for both personal and business uses with optional riders such as cost of living, future purchase options, etc., which provide for additional benefits. The definition of disability ranges from "loss of earnings" to "inability to perform your own occupation", and benefits are generally provided until age 65 or for the policyholder's lifetime.

Long-Term Care Insurance

LTC insurance makes payments respecting certain services needed for those who cannot take care of themselves. Services include skilled nursing care and personal care services that may be received in a nursing home, assisted living facility, or at home. LTC benefits are paid if the policyholder suffers the loss of two or more activities of daily living (ADL) and requires stand-by assistance of another person or suffers cognitive impairment. There are six ADL's, which include

bathing, dressing, transferring, toileting, continence, and feeding. The LTC policyholder can choose from various combinations of daily or monthly benefit amounts, elimination periods (waiting period), and benefit periods. The maximum lifetime benefit available to the policyholder is the daily or monthly benefit amount multiplied by the benefit period. Virtually all of the Company's in-force LTC as of December 31, 2018 was indemnity type coverage that pays the policyholder full daily or monthly benefit amount without regards to the actual expenses incurred.

In February 2012, the Company stopped writing new group LTC business. While the Company still adds new certificates (i.e. individuals) to an existing group policy, after December 31, 2012 no new groups were underwritten and the Company reclassified the LTC line of business from Unum US Segment to Closed Block Segment.

Group Life Insurance

The Company offers group term life insurance and no longer markets group universal life insurance and group paid-up life insurance. The group term life insurance provides death benefit coverage. A premium waiver benefit is offered under group term life insurance contracts. In the event of disability the benefit under the contract is extended without the payment of any additional premium. The disability must occur prior to age 60. An elimination period applies. The group universal life insurance allows the certificate holder to accumulate the premium they deposit in excess of what is required to cover the cost of insurance deductions in a side fund that earns interest. The group paid-up life insurance provides death benefit coverage. Beneficiaries can elect for the death benefit under group life insurance to be received in the form of a supplementary contract with or without life contingencies. The result is a deferral in the payment of cash to the beneficiary at the beneficiaries' option, allowing the beneficiary time to make decisions about the benefit payment while earning interest. Depending on how long the beneficiary chooses to wait before receiving funds, the Company may pay a small amount of interest.

Group Accidental Death & Dismemberment Insurance

Group AD&D provides a payment in the event of accidental death or the loss of one or more body parts. The Company sells AD&D insurance in combination with group life policies. Beneficiaries can elect for the benefit under group AD&D to be received in the form of a supplementary contract with or without life contingencies. The result is a deferral in the payment of cash to the beneficiary at the beneficiaries' option allowing the beneficiary time to make decisions about benefit payment while earning interest.

Voluntary benefits

Voluntary benefits products are primarily sold to employees through payroll deductions at the workplace. Coverage includes life, disability, accident, hospital indemnity, cancer and critical illness on both a group and individual basis.

REINSURANCE

The Company routinely assumes and cedes reinsurance with other insurance companies. The following describes some of the Company's significant reinsurance programs in effect at December 31, 2018.

Individual Disability Income - Reinsurance Ceded

Effective October 31, 2003, retroactive to April 1, 2003, the Company entered into various reinsurance agreements with Westport Insurance Corporation (formerly Employers Reinsurance) and Employers Reassurance Corporation (owned by Westport Insurance Corporation), under which a subset of IDI, life and AD&D policies written by the Company were reinsured on a 100 percent quota share basis. As of December 31, 2018, the Company's ceded IDI reserves, other than for unearned premiums, related to this treaty amounted to \$19,594,560.

Effective January 1, 2007, the Company ceded to Northwind Reinsurance Company, an affiliate captive insurance company, a block of IDI business through a modified coinsurance transaction on a 100% quota share basis. The modified coinsurance reserve at the initiation of the transaction was comprised of approximately \$2,240,000,000 of reserves held by the Company and approximately \$436,000,000 of reserves previously assumed by the Company on a modified coinsurance basis from an unaffiliated reinsurer. As of December 31, 2018, ceded reserves reported by the Company amounted to \$2,090,022,506.

Individual Disability Income - Reinsurance Assumed

The Company assumes a quota share, ranging from 50% to 100%, of non-cancelable IDI risk on both a coinsurance and modified coinsurance basis from National Life Insurance Company, Indianapolis Life Insurance Company, Protective Life Insurance Company, and Penn Mutual Life Insurance Company. These agreements cover claims incurred and policies issued prior to the inception of the treaties as well as policies issued subsequently and their related claims. These treaties are closed to new business as of December 31, 2005. Collectively, this business comprises the private label segment. As of December 31, 2018, the assumed reserves, other than for unearned premiums, amounted to \$368,062,450.

The Company assumed a 100% quota share of all non-cancelable IDI policies issued by affiliate First Unum. The agreement was effective January 1, 1996. Existing claims as of January 1, 1996 were not assumed. As of December 31, 2018, the assumed reserves, other than for unearned premiums, amounted to \$152,473,396.

Long-Term Disability - Reinsurance Ceded

The Company cedes 99% of U.S. LTD claims incurred between disability years 1993 and 1998 through a funds-withheld coinsurance treaty to an affiliated captive insurance company, Fairwind. Ceded reserves, other than for unearned premiums, as of December 31, 2018 amounted to \$171,153,541. For additional discussion of the funds withheld, see the Long-Term Care – Reinsurance Ceded section below.

Effective October 1, 2009, the Company entered into a modified coinsurance agreement with RGA Americas Reinsurance Company Ltd. ("RGA"), ceding 80% of the Company's net liability with respect to disability claims that were incurred during the period from January 1, 2005 through December 31, 2005. The treaty was subsequently amended to include claims incurred between January 1, 2002, and December 31, 2009. Approximately 1% of the liability ceded to RGA is on a funds withheld basis, with the remaining 99% under a modified coinsurance basis. As of December 31, 2018, the Company's ceded LTD reserves related to this treaty amounted to \$2,500,403,839.

Effective January 1, 2010, the Company entered into a 100% quota share reinsurance agreement with Stellar Insurance Company, Ltd. a captive insurance company in the Cayman Islands. The agreement is subject to a maximum limit by incurral year, and cedes the liability incurred on or after January 1, 2010, for two group policies written by the Company. The captive insurance entity was established by the group policy holders for purposes of assuming its insurance risk, based on agreements with the Company. As of December 31, 2018, the Company's ceded LTD reserves, other than for unearned premiums, related to this treaty amounted to \$4,767,707.

Long-Term Disability - Reinsurance Assumed

Effective October 1, 2002, the Company assumed the LTD business of affiliates Provident Life and Accident Insurance Company and The Paul Revere Life Insurance Company (PRLIC). 100% of the risk not previously ceded on these blocks was assumed except for 10% of the risk for policies issued in the state of New York by PRLIC. As of December 31, 2018, the assumed reserves, other than for unearned premiums, amounted to \$157,818,553.

The Company participates in many treaties in which it assumes LTD risk from other carriers. The treaties are part of the reinsurance segment managed by Custom Disability Solutions. Significant LTD assumed treaties are as follows:

1. The participation varies by pool year for the Company's assumed Group LTD business from American Disability Reinsurance Underwriters effective in 1992. The Company's reserves, other than for unearned premiums, on this coinsurance treaty as of December 31, 2018 amounted to \$12,572,104.
2. The participation varies by pool year for the Company's assumed Group LTD business from American Disability Reinsurance Underwriters effective in 1999. The Company's reserves, other than for unearned premiums, on this coinsurance treaty as of December 31, 2018 amounted to \$33,163,526.
3. Effective January 1, 1990, the Company assumed, pursuant to a coinsurance agreement with the London Accident Reinsurance Group, personal accident coverage. The Company's reserves for paid losses payable at December 31, 2018 amounted to \$3,869,855.

Life Insurance - Reinsurance Ceded

The Company reinsures its group life certificates on a quota share basis with Hannover Life Reassurance Ltd ("Hannover") and SCOR Reinsurance Company ("SCOR"). Hannover takes 25% of the mortality risk, and SCOR takes 25% of the mortality risk. Beyond the share of risk assumed, the reinsurance treaties are not materially different. The original reinsurance agreements were entered into on October 1, 2000, with Manulife Reinsurance Corporation and SCOR. Hannover replaced Manulife Reinsurance Corporation on January 1, 2005.

The treaties are on a funds-withheld basis. Under this arrangement money normally does not exchange hands except for the quarterly payment of the reinsurance charge. The Company retains the funds on net cash flows.

The treaties have an experience refund mechanism. At the end of each calendar year the Company retains the profit for the year reduced by any amounts needed to pay back past amounts advanced by the reinsurers due to negative experience.

Experience account balances that become negative under the treaty require the reinsurer to make a payment to the Company equal to the negative amount. The Company restores the payment to the reinsurer out of future profits. The restoration can occur over a period of years. The treaties cannot be terminated if a balance owed by the Company has not been restored.

The treaties provide protection to the Company against significant mortality events in a year by providing basic liquidity and insulate the Company from loss of surplus in such circumstances. The annual cost for this mechanism is the reinsurance expense charges and the cost of the letters of credit.

In addition to the quota share agreements, the Company reinsures its Group Life business with General Re Life Corporation (“Gen Re”). The Gen Re reinsurance agreement is an excess of loss treaty. As of December 31, 2018, the Company has reinsurance coverage for claims in excess of the following:

1. \$600,000 for death claims in 2009 for persons initially disabled after December 31, 1999 but prior to January 1, 2009;
2. \$750,000 for death claims in 2010 for persons initially disabled after December 31, 1999 but prior to January 1, 2009; and
3. \$750,000 for death claims after January 1, 2009. For claims that exceed \$2,500,000, the excess over \$2,500,000 is retained by the Company.

The Gen Re treaty is applied first. The Hannover and SCOR participation is net of the Gen Re reinsurance. The Gen Re agreement has an experience refund mechanism similar to that described above for the Hannover and SCOR treaties.

The Company takes a reserve credit for a small portion of the group life incurred but not reported reserve (IBNR). The reserve credit is, for the most part, related to the association life business that is ceded to Employers Reassurance Corporation. Otherwise, the Company does not take reserve credits for reinsurance on group life.

Effective October 1, 1996, the Company entered into a 100% coinsurance agreement ceding its tax sheltered annuity business to Lincoln National Life Insurance Company and Lincoln Life and Annuity Insurance Company of New York. Ceded reserves as of December 31, 2018 amounted to \$126,332,428.

The Company entered into a 100% indemnity coinsurance contract with Reassure America Life Insurance Company on July 1, 1997 (acquired in 2012 by Jackson National Life Insurance Company) in which the Company ceded its individual life and annuity block of business. As of December 31, 2018, ceded reserves for this block of business amounted to \$84,705,798.

Life Insurance - Reinsurance Assumed

Effective September 1, 2011, the Company entered into a quota share reinsurance agreement with New York Life Insurance Company of New York, New York. This reinsurance agreement assumes 100% of the additional contract reserves for the Public Employees Retirement Board of Colorado. As of December 31, 2018, \$3,143,905 of reserves were assumed under this treaty.

Long-Term Care - Reinsurance Ceded

The Company cedes 100% of the net LTC business to an affiliated captive insurance company, Fairwind. The reinsurance agreement is on a funds withheld basis and became effective on January 1, 2003. As of December 31, 2018, reserve credits taken, other than for unearned premiums, for this reinsurance amounted to \$9,124,200,281. ULA also substantially cedes all of LTD claims incurred between disability years 1993 and 1998 to Fairwind, as discussed in the Long-Term Disability - Reinsurance Ceded section above. The funds withheld reserve for LTC and LTD was \$9.5 billion as of December 31, 2018, most of which is attributable to the LTC business.

Effective December 31, 1999, the Company entered into an agreement to retrocede 100% of the business assumed from American Long-Term Care Reinsurance Group to American United Life Insurance Company. As of December 31, 2018, reserve credits taken, other than for unearned premiums, for this reinsurance arrangement amounted to \$293,057,103.

Long-Term Care - Reinsurance Assumed

Effective January 1, 1993, the Company entered into an agreement to assume individual LTC business from American Long-Term Care Reinsurance Group. As of December 31, 2018, the assumed reserves, other than unearned premiums, amounted to \$286,317,261. This business is fully retroceded to American United Life Insurance Company.

Effective October 1, 1998, the Company entered into an agreement to assume individual LTC business from Old American Insurance Company, a subsidiary of Kansas City Life Insurance Company. The risk is assumed on a 50% coinsurance basis. This is a closed block of home health care only policies. As of December 31, 2018, the assumed reserves, other than unearned premiums, amounted to \$4,510,049.

Catastrophic Coverage

In 2018, there was global catastrophic reinsurance coverage in place which included four layers of coverage to limit exposure under group life, group AD&D, individual life, individual AD&D, individual and group disability (short and long-term) and individual and group LTC. The following table summarizes the reinsured's retention and reinsurer's limit of liability under each layer for this coverage.

Retention and Limit Schedule			
	Reinsured's Retention		Reinsurer's Limit of Liability
Layer	Ultimate Net Loss in respect of each Loss Occurrence	Ultimate Net Loss in respect to each Loss Occurrence	Ultimate Net Loss in respect of all Loss Occurrences during any one Agreement Year
First	\$100,000,000	\$100,000,000	\$200,000,000
Second	\$200,000,000	\$100,000,000	\$200,000,000
Third	\$300,000,000	\$150,000,000	\$300,000,000
Fourth	\$450,000,000	\$300,000,000	\$600,000,000

FINANCIAL STATEMENTS

The Statement of Admitted Assets, Liabilities and Surplus, the Statement of Operations, and the Statement of Capital and Surplus are as presented by management and audited by the Company's external auditors. It should be noted that these financial statements have not been audited by the MBOI and thus the MBOI does not express an opinion on the financial statements as a whole.

**STATEMENT OF ADMITTED ASSETS, LIABILITIES AND SURPLUS
AS OF DECEMBER 31, 2018**

Assets

Bonds	\$ 18,663,693,386
Stocks:	
Preferred stocks	27,184,000
Common stocks	34,120,877
Mortgage loans on real estate:	
First liens	1,179,688,947
Real estate:	
Properties occupied by the company	77,560,327
Properties held for sale	5,998,500
Cash and cash equivalents	205,876,289
Contract loans	54,519,497
Derivatives	13,726,015
Other invested assets	583,160,170
Securities lending reinvested collateral assets	1,212
Subtotals, cash and invested assets	<u>20,845,529,221</u>
Investment income due and accrued	260,544,623
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	296,606,751
Deferred premiums and agents' balances and installments booked but deferred and not yet due	321,088
Reinsurance:	
Amounts recoverable from reinsurers	70,662,748
Other amounts receivable under reinsured contracts	40,110,378
Amounts receivable relating to uninsured plans	13,420,128
Net deferred tax asset	157,954,056
Guaranty funds receivable or on deposit	24,682,303
Aggregate write-ins for other than invested assets	<u>304,761,987</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>22,014,593,283</u>
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>7,843,501</u>
Total Assets	<u>\$ 22,022,436,784</u>

Liabilities

Aggregate reserve for life contracts	\$ 933,769,253
Aggregate reserve for accident and health contracts	7,354,251,772
Liability for deposit-type contracts	709,114,605
Contract claims:	

Life	266,920,393
Accident and health	524,156,664
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts:	
Dividends apportioned for payment	8,580,000
Premiums and annuity considerations for life and accident and health contracts received in advance	40,537,155
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	2,803,536
Other amounts payable on reinsurance	102,441,408
Interest maintenance reserve	12,709,572
Commissions to agents due or accrued	49,388,347
Commissions and expense allowances payable on reinsurance assumed	36,508
General expenses due or accrued	52,147
Taxes, licenses and fees due or accrued, excluding federal income taxes	23,626,996
Current federal and foreign income taxes	32,763,614
Unearned investment income	1,014,684
Amounts withheld or retained by company as agent or trustee	861,502
Remittances and items not allocated	88,907,940
Miscellaneous liabilities:	
Asset valuation reserve	288,939,878
Reinsurance in unauthorized and certified companies	1,184,825
Funds held under reinsurance treaties with unauthorized and certified reinsurers	9,566,476,730
Payable to parent, subsidiaries and affiliates	65,087,261
Liability for amounts held under uninsured plans	762,672
Derivatives	12,017,169
Payable for securities lending	1,212
Aggregate write-ins for liabilities	93,963,129
Total liabilities excluding Separate Accounts business	<u>20,180,368,972</u>
From Separate Accounts Statement	7,843,501
Total liabilities	<u>\$ 20,188,212,472</u>
<u>Surplus</u>	
Common capital stock	\$ 5,000,000
Aggregate write-ins for other than special surplus funds	11,239,716
Gross paid in and contributed surplus	1,097,211,213
Unassigned funds (surplus)	720,773,382
Surplus	<u>1,829,224,311</u>
Total capital and surplus	<u>\$ 1,834,224,311</u>
Total liabilities, capital and surplus	<u>\$ 22,022,436,783</u>

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

Premiums and annuity considerations for life and accident and health contracts	\$ 3,616,222,449
Net investment income	1,120,287,040
Amortization of Interest Maintenance Reserve	628,063
Commissions and expense allowances on reinsurance ceded	206,637,321
Reserve adjustments on reinsurance ceded	(503,367,004)
Miscellaneous income:	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	108,295
Aggregate write-ins for miscellaneous income	<u>84,930,274</u>
Total	<u>4,525,446,437</u>
Death benefits	518,904,875
Matured endowments	355,016
Annuity benefits	10,818,331
Disability benefits and benefits under accident and health contracts	1,416,545,197
Surrender benefits and withdrawals for life contracts	4,011,483
Group conversions	1,282,677
Interest and adjustments on contract or deposit-type contract funds	10,956,196
Payments on supplementary contracts with life contingencies	1,128,843
Increase in aggregate reserves for life and accident and health contracts	<u>(195,377,188)</u>
Totals	<u>1,768,625,430</u>
Commissions on premiums, annuity considerations, and deposit-type contract funds	470,871,326
Commissions and expense allowances on reinsurance assumed	13,666,919
General insurance expenses	793,995,524
Insurance taxes, licenses and fees, excluding federal income taxes	117,051,830
Increase in loading on deferred and uncollected premium	25,963
Net transfers from Separate Accounts net of reinsurance	(792,372)
Aggregate write-ins for deductions	<u>755,809,780</u>
Totals	<u>3,919,254,401</u>
Net gain from operations before dividends to policyholders and federal income taxes	606,192,036
Dividends to policyholders	<u>8,230,906</u>
Net gain from operations after dividends to policyholders and before federal income taxes	597,961,130
Federal and foreign income taxes incurred	<u>105,931,914</u>
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains	492,029,216
Net realized capital gains less capital gains tax	<u>1,205,606</u>
Net income	<u><u>493,234,821</u></u>

**STATEMENT OF CAPITAL AND SURPLUS
YEAR ENDED DECEMBER 31, 2018**

Capital and surplus, December 31, prior year	<u>\$ 1,728,041,069</u>
Net income	493,234,821
Change in net unrealized capital gains less capital gains tax	9,641,047
Change in net unrealized foreign exchange capital gain	(1,779,483)
Change in net deferred income tax	7,634,536
Change in nonadmitted assets	(15,176,498)
Change in liability for reinsurance in unauthorized and certified companies	5,743,325
Change in asset valuation reserve	(13,512,015)
Surplus adjustment:	
Change in surplus as a result of reinsurance	(4,602,492)
Dividends to stockholders	<u>(375,000,000)</u>
Net change in capital and surplus for the year	<u>106,183,241</u>
Capital and surplus, December 31, current year	<u>\$ 1,834,224,311</u>

COMMENTS ON THE FINANCIAL STATEMENTS

NOTE 1 – RESERVES

Milliman and Lewis & Ellis, Inc. (“Lewis & Ellis”) (together, “consulting actuaries”) were engaged to provide actuarial assistance with the financial examination of the Company as of December 31, 2018. Milliman performed a review of LTC reserves and Lewis & Ellis reviewed reserves for all other significant lines of business. In addition to the limited-scope work discussed in the Scope of Examination section of this report, the consulting actuaries’ reviews included: participation in interviews and discussions with key personnel, including the Appointed Actuary, to gain an understanding of the corporate structure, products, services, and reserving and pricing processes, and to determine where the majority of risks lie; review of controls to mitigate certain reserving and pricing risks; review of the 2018 Statement of Actuarial Opinion and Actuarial Memorandum prepared by the Appointed Actuary; and review of the external auditor’s conclusions regarding the carried reserves.

Gross LTC reserves reviewed by Milliman were found to be deficient by \$2,085,740,649 at December 31, 2018 as discussed in the Summary of Significant Findings section of this report. As discussed in further detail in the Subsequent Events section of this report, the MBOI has approved a permitted practice that allows the Company to recognize the increase to reserves over a period of seven years. The permitted practice was approved retroactively to December 31, 2018. Accordingly, no adjustment to surplus was made as a result of this examination.

All other reserves reviewed by Lewis & Ellis were found to be reasonable at December 31, 2018.

NOTE 2 – CAPITAL AND SURPLUS

The following table describes the capital and surplus changes for the five-year period since the MBOI’s last examination of the Company, dated December 31, 2013:

Capital and surplus, December 31, 2013	\$ 1,557,867,048
Net income	1,624,998,451
Change in net unrealized capital gains less capital gains tax	7,892,485
Change in net unrealized foreign exchange capital gain	9,585,790
Change in net deferred income tax	(150,973,629)
Change in nonadmitted assets	99,758,903
Change in liability for reinsurance in unauthorized and certified companies	(598,895)
Change in reserve on account of change in valuation basis	93,207,613
Change in asset valuation reserve	(86,328,972)
Cumulative effect of changes in accounting principles	9,790,657
Change in surplus as a result of reinsurance	(32,389,124)
Dividends to stockholders	(1,350,531,642)
Aggregate write-ins for gains and losses in surplus	592,606
Change in surplus due to Tailwind Re merger	<u>51,353,020</u>
Net change in capital and surplus	<u>276,357,263</u>
Capital and surplus, December 31, 2018	<u>\$ 1,834,224,311</u>

SUBSEQUENT EVENTS

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

The full effect of COVID-19 on the U.S. and global insurance and reinsurance industry is still unknown at the time of releasing this report. The MBOI is expecting the COVID-19 outbreak to impact a wide range of insurance products and other areas of operations of insurers. The MBOI and all insurance regulators, with the assistance of the NAIC, are monitoring the situation through a coordinated effort and will continue to assess the impacts of the pandemic on U.S. insurers. The MBOI has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position and will continue to monitor the situation.

As discussed in the Summary of Significant Findings and Note 1 to the Comments on the Financial Statements of this report, the MBOI found the Company's gross LTC reserves to be deficient by \$2,085,740,649 as of December 31, 2018 as a result of this examination. On May 1, 2020, the MBOI approved a permitted practice which allows the Company to delay full recognition of the statutory reserve deficiency identified in connection with this examination that would otherwise be required under Statement of Statutory Accounting Principles (SSAP) 54 Individual and Group Accident and Health Contracts. The request was made subject to the confidential *Phase in, Guardrails and Monitoring Plan for Unum Life Insurance Company of America LTC Statutory Reserve Strengthening* ("Plan"). The reserve increase will be recognized over a seven-year period beginning with the statutory financial statements for the year-ended December 31, 2020 and continue until the statutory financial statements for the year-ended December 31, 2026 according to a defined schedule, as outlined in the Plan. The permitted accounting practice was approved retroactively to December 31, 2018 and December 31, 2019 such that no additional reserves would be required to be reported until year-end 2020. If this permitted practice had not been granted, it is estimated that the Company's net income and surplus at December 31, 2018 would have been reduced by approximately \$2.1 billion due to the need to write off the uncollectible reinsurance recoverable and reverse the cession of the \$2.1 billion of reserves to Fairwind. The MBOI will monitor ULA's compliance with the Plan during the reserve phase-in period by continuing the limited scope examination.

The Company paid dividends of \$492,000,000 to Unum Group during 2019. The Company paid a dividend to Unum Group of \$234,000,000 in the first quarter of 2020.

SUMMARY OF RECOMMENDATIONS

It is recommended that the Company strengthen LTC reserves in accordance with the Plan agreed to by the Company and the MBOI.

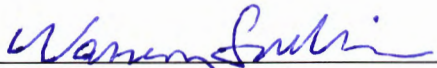
**STATE OF MAINE
COUNTY OF KENNEBEC, SS**

Vanessa J. Sullivan, being duly sworn according to law deposes and says that, in accordance with authority vested in her by Eric A. Cioppa, Superintendent of Insurance, pursuant to the Insurance Laws of the State of Maine, she has made an examination of the condition and affairs of the

UNUM LIFE INSURANCE COMPANY OF AMERICA

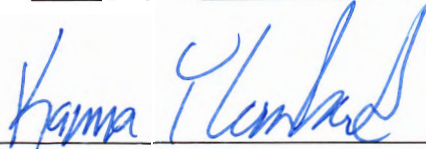
located in Portland, Maine as of December 31, 2018, and that the foregoing report of examination subscribed to by her is true to the best of her knowledge and belief. Noble Consulting Services, Inc., under contract with the MBOI, performed the examination. The following examiners from the MBOI assisted:

Arias Wan, CPA, CFE
Audrey L. Wade, CFE, CISA
Jeremy C. Finch
Erin L. Gaddis



Vanessa J. Sullivan, CFE

Subscribed and sworn to before me
This 30 day of June, 2020



Notary Public
My Commission Expires: June 12, 2023

**KARMA LOMBARD
Notary Public, Maine
My Commission Expires June 12, 2023**