



Janet T. Mills
Governor

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION
BUREAU OF INSURANCE



Joan F. Cohen
Commissioner

Robert L. Carey
Superintendent

July 18, 2025

Robert L. Carey, 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

as of December 31, 2023. The following report is respectfully submitted.

Office Location: 76 Northern Avenue, Gardiner, Maine 04345
Mailing Address: 34 State House Station, Augusta, Maine 04333
www.maine.gov/pfr/insurance

Phone: (207) 624-8475

TTY: Please Call Maine Relay 711

Consumer Assistance: 1-800-300-5000

Fax: (207) 624-8599



**STATE OF MAINE
BUREAU OF INSURANCE**

REPORT OF FINANCIAL EXAMINATION

**UNUM LIFE INSURANCE COMPANY OF AMERICA
PORTLAND, MAINE**

AS OF DECEMBER 31, 2023

NAIC COMPANY CODE: 62235

NAIC GROUP CODE: 565

ACCEPTANCE OF REPORT OF EXAMINATION

WHEREAS a verified Report of Examination of Unum Life Insurance Company of America dated July 18, 2025, was delivered to that insurer on September 5, 2025; 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: September 23, 2025

Robert Carey
Robert L. Carey, Superintendent

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SCOPE OF EXAMINATION

Unum Life Insurance Company of America (ULA or the “Company”) was last examined as of December 31, 2018, by the State of Maine Bureau of Insurance (MBOI). The present full-scope risk-focused examination covered the period from January 1, 2019, through December 31, 2023.

This examination was performed pursuant to the risk-focused approach promulgated by the National Association of Insurance Commissioners (NAIC), in conformity with the 2024 Financial Condition Examiners Handbook (“the Handbook”) and the laws, rules, and regulations prescribed or permitted by the State of Maine. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks and evaluate systems controls and procedures used to mitigate those risks. 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. The external auditors’ work papers were utilized for this examination to the extent deemed appropriate in order to enhance the effectiveness and efficiency of this examination.

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

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. Comments on various balance sheet items, for purposes of this report, may be limited to examination adjustments, 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.

The MBOI concurrently conducted a limited scope examination of ULA’s Long-Term Care (LTC) insurance reserves. The limited scope examination was originally called on May 11, 2018. As discussed in the Summary of Significant Findings, as a result of the prior examination, the MBOI found the Company’s gross LTC reserves to be deficient as of December 31, 2018. On May 1, 2020, the MBOI approved a permitted practice which allowed the Company to delay full recognition of the statutory reserve deficiency 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 permitted phase-in period began with the year-ended December 31, 2020 and ends with the year-ended December 31, 2026. The limited scope examination continued in order for the MBOI, with the assistance of its consulting LTC actuaries, Milliman, Inc. (“Milliman”), to monitor ULA’s compliance with the Plan during the reserve phase-in period. As of December 31, 2023,

the amount of the additional reserves calculated in accordance with the Plan has been fully recognized by the Company. This report addresses both the full scope risk focused examination of ULA and the limited scope LTC examination of ULA.

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

Comment 1:

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.

Status:

As of December 31, 2023, the amount of the additional reserves calculated in accordance with the Plan was \$1,604,300,000, which was fully recognized by the Company. The first phase-in was at year-end 2020 with increases to the reserves until the 12/31/2018 deficiency was fully recognized. The calculated deficiency changed over time primarily due to changes in assumed reinvestment rate, policyholder inventories, and premium rate increase activity. See Note 1 in the Comments on the Financial Statements within this examination report for further discussion of reserves. The Company has adequately responded to this comment.

CURRENT EXAMINATION

None noted.

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.

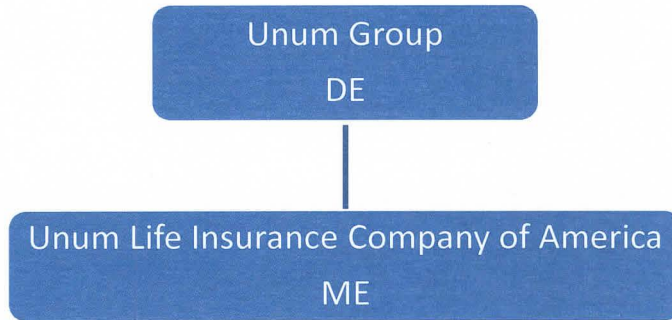
In 1996, Commercial Life Insurance Company, an affiliated company writing group universal life and travel accident coverage, was merged with and into the Company. On November 22, 1998, Provident Companies, Inc. (PC) and UC signed an agreement providing for the merger of UC into PC with PC being the surviving 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 August 31, 2015, Tailwind Reinsurance Company (Tailwind Re) merged with and into the Company. 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.

Effective September 28, 2021, the Company transferred to Unum Group, by payment of an ordinary dividend, all of the shares of common stock of Provident Life and Accident Insurance Company (PLA), an affiliated insurer, then owned by the Company.

MANAGEMENT AND CONTROL

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. As of December 31, 2023, Unum Group consisted of twenty-seven affiliated companies operating under common management and control. An abbreviated organizational chart as of December 31, 2023, is presented below:



Unum Group’s reportable segments as of December 31, 2023, 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 reportable 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, PLA, Starmount Life Insurance Company and Unum Insurance Company. The Closed Block segment consists of group and individual LTC and other insurance products that are no longer actively marketed.

In December 2020, the Company terminated its Closed Block IDI reinsurance agreement with Northwind Reinsurance Company (Northwind Re), an affiliated captive reinsurance subsidiary domiciled in Vermont, wherein the Company had previously ceded substantially all of its Closed Block IDI business. The Company subsequently completed two phases of a reinsurance transaction in December 2020 and March 2021, whereby it ceded a significant portion of the Closed Block IDI business to a third-party reinsurer. In July 2022, following a period of dormancy, Northwind Re changed its name to Northwind Company upon converting to a Vermont general business corporation and subsequently merged with and into its sole shareholder, Northwind Holdings, LLC, which in turn merged with and into its sole member, Unum Group.

As of December 31, 2023, Unum Group has one Vermont domiciled captive insurer, Fairwind, that was established for the limited purpose of reinsuring risks attributable to certain policies issued or reinsured by the 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 | 15463 | 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, bylaws, and minutes of the board of directors' meetings held during the period under examination were reviewed.

CORPORATE GOVERNANCE

As of December 31, 2023, Unum Group's Board of Directors (the "Board") consisted of Richard P. McKenney, the President and Chief Executive Officer of Unum Group, and eleven independent directors. 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. The duties and responsibilities of the committees are set forth in Unum Group's bylaws and committee charters as applicable. Unum Group also has an Investment Committee comprised of senior officers of Unum Group.

The Company maintains its own board of directors and corporate officers. As of December 31, 2023, the Company's board of directors consisted of the following members:

| <u>Name</u> | <u>Principal Occupation</u> |
|---------------------------|---|
| Michael Quinn Simonds* | Executive Vice President, Chief Operating Officer, Unum Group |
| Puneet Bhasin* | Executive Vice President, Chief Information and Digital Officer, Unum Group |
| Lisa Gonzalez Iglesias | Executive Vice President, General Counsel, Unum Group |
| Martha Davies Leiper* | Executive Vice President, Chief Investment Officer, Unum Group |
| Christopher Wallace Pyne* | Executive Vice President, Group Benefits, Unum Group |
| Daniel Jason Waxenberg* | Senior Vice President, Global Financial Planning and Analysis, Unum Group |
| Steven Andrew Zabel | Executive Vice President, Chief Financial Officer, Unum Group |

As of December 31, 2023, the Company's principal officers were:

| <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 |
| Steven Andrew Zabel | Executive Vice President, Finance |
| Scott Allan Carter | Senior Vice President, Chief Actuary and Appointed Actuary |
| Walter Lynn Rice, Jr. | Senior Vice President, Chief Accounting Officer |
| Daniel Jason Waxenberg* | Senior Vice President, Global Financial Planning and Analysis |
| 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, 2023:

Effective February 9, 2024, Michael Quinn Simonds terminated service as an officer of Unum Group and as an officer and director of the Company. Timothy Gerald Arnold was elected as a director and Christopher Wallace Pyne was elected as Chairman, President, and Chief Executive Officer of the Company effective the same date.

Effective September 19, 2024, Puneet Bhasin terminated service as an officer of Unum Group and as an officer and director of the Company. Effective April 28, 2025, Sheila Anderson was appointed as EVP, Chief Information and Digital Officer at Unum Group.

Effective October 4, 2024, Elizabeth Claire Ahmed, Unum Group's Executive Vice President, People and Communications, was elected as a director of the Company.

Effective November 4, 2024, Daniel Jason Waxenberg's title with Unum Group and the Company changed from Senior Vice President, Global Financial Planning and Analysis to Senior Vice President, Chief Finance Lead.

Effective April 4, 2025, Martha Davies Leiper terminated service as an officer of Unum Group and as a director of the Company, and Lori Brown Finlay, Unum Group's Senior Vice President, Chief Investment Officer, was elected as a director of the Company effective the same date.

TRANSACTIONS WITH AFFILIATES

The Company receives certain management, administrative, and product support 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; corporate relations; 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 return tax 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.

Effective April 2022, the Company is party to an agreement with Unum Group (alongside certain other Unum Group subsidiaries) and a syndicate of lenders for a five-year \$500 million senior unsecured revolving credit facility. The credit facility is available through April 2027 and Unum Group may request that the lenders' aggregate commitments of \$500 million under the facility be increased by up to an additional \$200 million. Certain subsidiaries of Unum Group, including the Company, joined the amended agreement and may borrow under the credit facility. *Any obligation*

of a subsidiary under the credit facility is several only and not joint and is subject to an unconditional guarantee by Unum Group.

The Company paid dividends to its sole shareholder, Unum Group, of \$799,200,000 in 2023, \$129,600,000 in 2022, \$235,579,760 in 2021, \$491,200,000 in 2020, and \$492,000,000 in 2019 for a total of \$2,147,579,760 during the examination period. The Company's 2021 dividends included a dividend in the form of its ownership of PLA, which as of the date of the dividend had a book/adjusted carrying value of \$32,879,760. The Company received dividends from PLA of \$2,412,000 in 2021, \$3,524,000 in 2020 and \$8,200,000 in 2019.

TERRITORY & PLAN OF OPERATION

The Company is licensed and writing business in the District of Columbia, Guam, Puerto Rico, and all states except New York as of December 31, 2023.

The Company primarily writes group LTD insurance, group life insurance and group AD&D insurance. The Company stopped writing individual LTC insurance in 2009 and new group LTC insurance in 2012. 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, 2023, 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 but 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 beneficiary's 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 beneficiary's option allowing the beneficiary time to make decisions about benefit payment while earning interest.

Voluntary benefits

Voluntary benefits products are primarily sold to groups of employees through payroll deductions at the workplace. Coverage includes accident, hospital indemnity, and critical illness on a group 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 as of December 31, 2023.

Ceded

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, 2023, the Company's ceded IDI reserves, other than for unearned premiums, related to this treaty amounted to \$13,092,060.

Effective July 1, 2020, but executed in December 2020, ULA, PLA, and The Paul Revere Life Insurance Company (PRLIC) entered into transactions to cede certain IDI business to Commonwealth Annuity and Life Insurance Company (Commonwealth), an unaffiliated, Massachusetts domiciled company. The IDI had previously been reinsured by Northwind Re, an affiliated Vermont domiciled captive reinsurer. The transaction was supplemented with an active lives cover letter agreement between Provident Life and Casualty Insurance Company and Commonwealth. Pursuant to this agreement ULA ceded a closed block of IDI business to Commonwealth. The agreement is on a coinsurance basis that provides 100 percent quota share reinsurance on specified blocks of ceded business. In March 2021, ULA completed the second phase of the reinsurance transaction pursuant to which ULA and Commonwealth amended and restated the reinsurance agreement to reinsure, on a coinsurance and modified coinsurance basis, effective as of January 1, 2021, a substantial portion of the remaining closed block IDI that was not ceded in December 2020, primarily business previously assumed by ULA. As of December 31, 2023, the modified coinsurance reserve related to this treaty amounted to \$289,178,189. The ceded IDI reserves, other than for unearned premiums, related to this treaty amounted to \$1,269,868,568.

Long-Term Disability - Reinsurance Ceded

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, 1993, and December 31, 2019. Approximately 1% of the liability ceded to RGA is on a funds withheld basis, with the remaining 99% under a modified coinsurance basis.

Effective October 1, 2018, the agreement was amended which changed the quota share from 80 to 90 percent. As of December 31, 2023, the Company's ceded modified coinsurance reserve and funds withheld related to this treaty totaled \$2,142,284,919. Additionally, the ceded reserve credits taken, other than for unearned premiums, for this reinsurance amounted to \$21,414,984.

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, 2023, the Company has reinsurance coverage for claims in excess of \$1,000,000.

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, 2023, amounted to \$103,865,111.

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, 2023, ceded reserves for this block of business amounted to \$80,339,047.

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, 2023, reserve credits taken, other than for unearned premiums, for this reinsurance amounted to \$13,666,603,328. The funds withheld reserve for LTC was \$14,204,394,211 as of December 31, 2023.

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, 2023, reserve credits taken, other than for unearned premiums, for this reinsurance arrangement amounted to \$283,107,243.

Catastrophic Coverage

In 2023, 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 | | Retention's Limit of Liability | |
| Layer | Ultimate Net Loss in respect of each Loss Occurrence | Ultimate Net Loss in respect of each Loss Occurrence | Ultimate Net Loss in respect of all Loss Occurrences during any one Agreement Year |
| First | \$150,000 | \$100,000,000 | \$200,000,000 |
| Second | \$250,000 | \$100,000,000 | \$200,000,000 |
| Third | \$350,000 | \$150,000,000 | \$300,000,000 |
| Fourth | \$500,000 | \$300,000,000 | \$600,000,000 |

Assumed

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, 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, 2023, the assumed reserves, other than for unearned premiums, amounted to \$297,444,170.

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, 2023, the assumed reserves, other than for unearned premiums, amounted to \$119,664,779.

Long-Term Disability - Reinsurance Assumed

Effective October 1, 2002, the Company assumed the LTD business of affiliates PLA and 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, 2023, the assumed reserves, other than for unearned premiums, amounted to \$70,440,743.

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 and Davies Life & Health. 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, 2023, amounted to \$3,295,429.
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, 2023, amounted to \$16,950,891.
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 as of December 31, 2023, amounted to \$1,734,780.

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, 2023, \$2,123,408 of reserves were assumed under this treaty.

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, 2023, the assumed reserves, other than unearned premiums, amounted to \$277,017,406. 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, 2023, the assumed reserves, other than unearned premiums, amounted to \$1,495,257.

FINANCIAL STATEMENTS

The Statement of Admitted Assets, Liabilities and Surplus, the Summary 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, 2023**

| | |
|---|--------------------------|
| <u>Assets</u> | |
| Bonds | \$ 20,035,502,822 |
| Stocks: | |
| Preferred stocks | 10,244,000 |
| Common stocks | 6,364,364 |
| Mortgage loans on real estate: First liens | 1,065,299,353 |
| Real estate: | |
| Properties occupied by the company | 46,083,078 |
| Properties held for the production of income | 25,494,450 |
| Properties held for sale | 2,405,687 |
| Cash and cash equivalents | 34,912,906 |
| Contract loans | 40,387,772 |
| Derivatives | 19,384,977 |
| Other invested assets | 1,324,244,835 |
| Receivables for securities | 4,561,256 |
| Securities lending reinvested collateral assets | <u>41,088,123</u> |
| Subtotals, cash and invested assets | <u>22,655,973,624</u> |
| Investment income due and accrued | 263,542,894 |
| Premiums and considerations: | |
| Uncollected premiums and agents' balances in the course of collection | 332,337,073 |
| Deferred premiums, agents' balances and installments booked but deferred and not yet due | 260,811 |
| Reinsurance: | |
| Amounts recoverable from reinsurers | 78,879,319 |
| Other amounts receivable under reinsurance contracts | 32,975,005 |
| Amounts receivable relating to uninsured plans | 33,778,384 |
| Current federal and foreign income tax recoverable and interest thereon | 14,542,119 |
| Net deferred tax asset | 116,122,193 |
| Guaranty funds receivable or on deposit | 12,474,858 |
| Aggregate write-ins for other than invested assets | <u>379,530,214</u> |
| Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts | 23,920,416,494 |
| From Separate Accounts, Segregated Accounts and Protected Cell Accounts | <u>6,130,336</u> |
| Total Assets | <u>\$ 23,926,546,829</u> |
| <u>Liabilities</u> | |
| Aggregate reserve for life contracts | \$ 809,640,249 |
| Aggregate reserve for accident and health contracts | 4,682,562,723 |
| Liability for deposit-type contracts | 816,792,147 |

| | |
|--|--------------------------|
| Contract claims: | |
| Life | 317,800,363 |
| Accident and health | 490,454,376 |
| 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 | 7,300,000 |
| Premiums and annuity considerations for life and accident and health contracts received in advance | 42,451,013 |
| Contract liabilities not included elsewhere: | |
| Provision for experience rating refunds | 2,065,235 |
| Other amounts payable on reinsurance | 72,135,841 |
| Commissions to agents due or accrued | 69,126,300 |
| General expenses due or accrued | 122,142,101 |
| Taxes, licenses, and fees due or accrued, excluding federal income taxes | 24,641,225 |
| Unearned investment income | 961,599 |
| Amounts withheld or retained by reporting entity as agent or trustee | 2,724,287 |
| Remittances and items not allocated | 94,193,919 |
| Miscellaneous liabilities: | |
| Asset valuation reserve | 453,383,091 |
| Reinsurance in unauthorized and certified companies | 31,989 |
| Funds held under reinsurance treaties with unauthorized and certified reinsurers | 14,226,595,450 |
| Payable to parent, subsidiaries, and affiliates | 112,549,215 |
| Derivatives | 17,410,726 |
| Payable for securities lending | 41,088,123 |
| Aggregate write-ins for liabilities | <u>81,024,107</u> |
| Total liabilities excluding Separate Accounts business | 22,487,074,080 |
| From Separate Accounts statement | <u>6,130,336</u> |
| Total liabilities | <u>\$ 22,493,204,416</u> |
| <u>Capital and Surplus</u> | |
| Common capital stock | \$ 5,000,000 |
| Aggregate write-ins for other-than-special surplus funds | 14,078,073 |
| Gross paid in and contributed surplus | 1,097,211,213 |
| Aggregate write-ins for special surplus funds | 29,490,349 |
| Unassigned funds (surplus) | <u>287,562,778</u> |
| Surplus | <u>1,428,342,414</u> |
| Total capital and surplus | \$ 1,433,342,414 |
| Total liabilities, capital and surplus | <u>\$ 23,926,546,829</u> |

SUMMARY OF OPERATIONS
YEAR ENDED DECEMBER 31, 2023

| | |
|--|-------------------------|
| Premiums and annuity considerations for life and accident and health contracts | \$ 3,680,401,287 |
| Net investment income | 1,110,545,723 |
| Amortization of Interest Maintenance Reserve | (5,495,864) |
| Commissions and expense allowances on reinsurance ceded | 230,666,464 |
| Reserve adjustments on reinsurance ceded | (437,019,212) |
| Miscellaneous income: | |
| Income from fees associated with investment management, administration and contract guarantees from Separate Accounts | 70,427 |
| Aggregate write-ins for miscellaneous income | <u>148,918,794</u> |
| Total | <u>\$ 4,728,087,620</u> |
| Death benefits | 452,951,820 |
| Matured endowments (excluding guaranteed annual pure endowments) | 474,893 |
| Annuity benefits | 6,496,069 |
| Disability benefits and benefits under accident and health contracts | 1,517,861,254 |
| Surrender benefits and withdrawals for life contracts | 5,043,378 |
| Group conversions | 97,278 |
| Interest and adjustments on contract or deposit-type contract funds | 10,765,090 |
| Payments on supplementary contracts with life contingencies | 1,288,016 |
| Increase in aggregate reserves for life and accident and health contracts | <u>(557,839,149)</u> |
| Totals | <u>\$ 1,437,138,648</u> |
| Commissions on premium, annuity considerations, and deposit-type contract funds | 440,337,879 |
| Commissions and expense allowances on reinsurance assumed | 7,112,163 |
| General insurance expenses and fraternal expenses | 1,020,501,736 |
| Insurance taxes, licenses, and fees, excluding federal income taxes | 138,990,207 |
| Increase in loading on deferred and uncollected premiums | (93,721) |
| Net transfers to or (from) Separate Accounts net of reinsurance | (662,674) |
| Aggregate write-ins for deductions | <u>789,541,874</u> |
| Totals | <u>\$ 3,832,866,111</u> |
| Net gain from operations before dividends to policyholders, refunds to members and federal income taxes | 895,221,509 |
| Dividends to policyholders and refunds to members | <u>7,506,538</u> |
| Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes | 887,714,971 |
| Federal and foreign income taxes incurred | <u>196,516,763</u> |
| Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) | 691,198,208 |
| Net realized capital gains (losses) less capital gains tax | <u>(11,149,402)</u> |
| Net income | <u>\$ 680,048,806</u> |

**STATEMENT OF CAPITAL AND SURPLUS
YEAR ENDED DECEMBER 31, 2023**

| | |
|---|-------------------------|
| Capital and surplus, December 31, prior year | <u>\$ 1,516,429,742</u> |
| Net income | 680,048,806 |
| Change in net unrealized capital gains (losses) less capital gains tax | 27,709,072 |
| Change in net unrealized foreign exchange capital gain (loss) | 2,538,044 |
| Change in net deferred income tax | 14,046,651 |
| Change in nonadmitted assets | (19,661,444) |
| Change in liability for reinsurance in unauthorized and certified companies | 14,422 |
| Change in asset valuation reserve | 13,370,347 |
| Surplus adjustment: | |
| Change in surplus as a result of reinsurance | (1,953,226) |
| Dividends to stockholders | <u>(799,200,000)</u> |
| Net change in capital and surplus | <u>(83,087,329)</u> |
| Capital and surplus, December 31, 2023 | <u>\$ 1,433,342,414</u> |

COMMENTS ON THE FINANCIAL STATEMENTS

NOTE 1 – RESERVES

Milliman, Columbia Point Consulting, LLC (“Columbia Point”), and Lewis & Ellis, LLC (“Lewis & Ellis”) (together, “consulting actuaries”) were engaged to provide actuarial assistance with the financial examination of the Company as of December 31, 2023. Milliman and Columbia Point performed a review of LTC reserves and Lewis & Ellis reviewed reserves for all other significant lines of business. The consulting actuaries’ review 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 2023 Statement of Actuarial Opinion and Actuarial Memorandum prepared by the Appointed Actuary; and review of the external auditor’s conclusions regarding the carried reserves. The reserves as reported by the Company were determined to be reasonable based on the review performed by the consulting actuaries.

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, 2018:

| | |
|---|-------------------------|
| Capital and surplus, December 31, 2018 | <u>\$ 1,834,224,311</u> |
| Net income | 1,779,644,294 |
| Change in net unrealized capital gains (losses) | 144,901,678 |
| Change in net unrealized foreign exchange capital gain (loss) | (4,902,680) |
| Change in net deferred income tax | 7,671,928 |
| Change in nonadmitted assets | (9,158,892) |
| Change in liability for reinsurance in unauthorized and certified companies | 1,152,835 |
| Change in reserve on account of change in valuation basis | (1,779,537) |
| Change in asset valuation reserve | (164,443,214) |
| Surplus adjustment: | |
| Change in surplus as a result of reinsurance | 2,838,358 |
| Dividends to stockholders | (2,147,579,760) |
| Aggregate write-ins for gains and losses in surplus | <u>(9,226,911)</u> |
| Net change in capital and surplus | <u>(400,881,897)</u> |
| Capital and surplus, December 31, 2023 | <u>\$ 1,433,342,414</u> |

SUBSEQUENT EVENTS

Effective December 31, 2024, the MBOI approved the Company’s request to withdraw the permitted practice which had allowed the Company to delay full recognition of the LTC reserve deficiency identified in connection with the MBOI’s examination. The permitted practice was originally scheduled to expire on December 31, 2026. However, as discussed in the Summary of Significant Findings, the amount of additional reserves calculated under the Plan was fully

recognized as of December 31, 2023, and therefore, the permitted practice was no longer necessary.

The Company paid dividends of \$691,100,000 to Unum Group during 2024.

In February 2025, the Company entered into a master transaction agreement with Fortitude Reinsurance Company Ltd. (Fortitude Re) which resulted in the execution of a coinsurance agreement in July of 2025 between the Company and Fortitude Re with an effective date of January 1, 2025. In connection with the coinsurance agreement with Fortitude Re, the Company recaptured approximately \$3.4 billion of LTC reserves from Fairwind and also entered into a coinsurance agreement with an affiliate, PLA, to assume approximately \$288 million of PLA's IDI reserves, both with an effective date of January 1, 2025. The recaptured LTC reserves and assumed IDI reserves were ceded by the Company on a coinsurance basis to Fortitude Re. The transaction resulted in the Company paying \$461.7 million in pre-tax ceding commission to Fortitude Re. Fortitude Re established and will maintain a collateralized comfort trust account for the benefit of the Company to secure its obligations under the reinsurance agreement. A final settlement, including the final ceding commission adjustment, is expected prior to the end of 2025.

SUMMARY OF RECOMMENDATIONS

There are no report level recommendations.

**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 Robert L. Carey, 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, 2023, 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 Maine Bureau of Insurance, performed the examination. The following examiners from the Bureau of Insurance assisted:

Arias Wan, CPA, CFE
Colin J. Greeley



Vanessa J. Sullivan, CFE

Subscribed and sworn to before me
This 23rd day of September, 2025



Notary Public
My Commission Expires:

