

**STATE OF ALABAMA
DEPARTMENT OF INSURANCE
MONTGOMERY, ALABAMA**

REPORT OF EXAMINATION

**ALFA LIFE INSURANCE CORPORATION
MONTGOMERY, ALABAMA**

AS OF

DECEMBER 31, 2021

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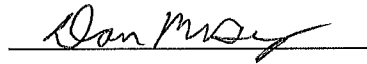
EXAMINER'S AFFIDAVIT

**STATE OF NORTH CAROLINA
COUNTY OF GUILFORD**

Dan McBay, CFE, CPA, CGMA, ARe, being duly sworn, states as follows:

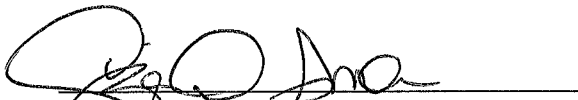
1. I have authority to represent Alabama in the examination of Alfa Life Insurance Corporation.
2. Alabama is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination workpapers and examination report, and the examination of Alfa Life Insurance Corporation was performed in a manner consistent with the standards and procedures required by the State of Alabama.

The affiant says nothing further.


Dan McBay, CFE, CPA, CGMA, ARe
Examiner-in-Charge

Subscribed and sworn before me by Dan McBay on this 19th day of July 2023.

(SEAL)


(Signature of Notary Public)

My commission expires 3-25-2023



KAY IVEY
GOVERNOR

MARK FOWLER
COMMISSIONER

STATE OF ALABAMA
DEPARTMENT OF INSURANCE
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DEPUTY COMMISSIONER
JIMMY W. GUNN
CHIEF EXAMINER
SHEILA TRAVIS
STATE FIRE MARSHAL
SCOTT F. PILGREEN
GENERAL COUNSEL
REYN NORMAN

January 19, 2023

Mark Fowler, Commissioner
State of Alabama
Department of Insurance
201 Monroe Street, Suite 502
Montgomery, Alabama 36104

Dear Commissioner Fowler:

Pursuant to former Commissioner Riding's authorization and in compliance with the statutory requirements of the State of Alabama and resolutions adopted by the National Association of Insurance Commissioners (NAIC), an examination has been made of the affairs and financial condition of

**Alfa Life Insurance Corporation
Montgomery, Alabama**

as of December 31, 2021, at its home office located at 2108 East South Boulevard, Montgomery, Alabama 36116, and remotely at the Alabama Department of Insurance. The report of examination is submitted herewith.

Where the description "Company" or "ALIC" appears herein, without qualification, it will be understood to indicate Alfa Life Insurance Corporation.

SCOPE OF EXAMINATION

We have performed our multi-state examination of Alfa Life Insurance Corporation (ALIC). The last examination covered the period of January 1, 2012, through December 31, 2016. This examination covers the period of January 1, 2017, through December 31, 2021.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook*. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

The examination was conducted as a coordinated examination with the following affiliated companies: Alfa Mutual Insurance Company (AMIC) of Alabama, Alfa Mutual Fire Insurance Company (AMFIC) of Alabama, Alfa Mutual General Insurance Company (AMGIC) of Alabama, Alfa Insurance Corporation (AIC) of Alabama, Alfa General Insurance Corporation (AGIC) of Alabama, Alfa Alliance Insurance Corporation (AAI) of Virginia, Trexis Insurance Corporation (TIC) of Virginia, and Trexis One Insurance Corporation (TOI) of Virginia. These companies were coordinated with the Company's five-year examination with Alabama being the lead state. During planning, examiners from Alabama and Virginia interviewed the members of management and reviewed lines of business and systems utilized to determine what areas would be coordinated. The key activities to be coordinated fully with the two states were Investments, Related Party, and Capital and Surplus. The other key activities determined to be examined were Reserves/Claims Handling and Underwriting. In addition, the ALIC examination covered those issues identified during planning deemed immaterial to the coordinated examination but were material to the ALIC examination. Where deemed appropriate, transactions, activities, and similar items subsequent to 2021 were reviewed.

The examination was conducted in accordance with applicable statutory requirements of the *Code of Alabama 1975*, as amended, the Alabama Insurance Department regulations, bulletins, and directives and in accordance with the procedures and guidelines promulgated by the NAIC, as deemed appropriate, and in accordance with generally accepted examination standards and practices. All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment was identified, the impact of such adjustment was documented separately following the Company's financial statements.

The Company's 2017 through 2021 annual statements were compared with or reconciled to the corresponding general ledger account balances.

An examination of the Company's information systems (IS) was conducted concurrently with the financial examinations of all the companies. The IS examination included a review of management and organizational controls, system and program development controls, contingency planning controls, service provider controls, operations controls, processing controls, e-commerce controls, and network and internet controls for all companies in the coordinated examination.

Alabama performed a market conduct examination concurrently with the financial examination. The examination included reviews of the Company's territory, plan of operation, claims, policyholder complaints, marketing and sales, producers' licensing, policy forms and underwriting, and privacy standards. See "**MARKET CONDUCT ACTIVITIES**" on page 11 for further discussion of the Company's market conduct examination.

AMIC maintains an Audit Services (AudSvc) Department, which is charged with performing the internal audit function for all companies. The AudSvc Department is subject to oversight by the Audit Committee, which is comprised of all outside directors. Reports generated by the AudSvc Department were made available to the examiners and were used in the examination as deemed appropriate. Risk Management and Compliance works with each business unit to document the process workflow, evaluate risks to the process, identify controls to mitigate those risks, and periodically test the effectiveness of those controls as required by the NAIC Model Audit Rule. The examiners reviewed the controls and procedures tested and requested the workpapers for specific ones, which had been identified as significant to the key activities being examined. The workpapers were provided, were retested, and were utilized where deemed appropriate.

PricewaterhouseCoopers, LLP (PwC) was the Company's certified public accountant for all years under examination. PwC's workpapers were reviewed and were used in the examination as deemed appropriate by the examiners.

A signed certificate of representation for ALIC was obtained during the course of the examination. In this certificate, management attested to having valid title to all assets and to the nonexistence of unrecorded liabilities as of December 31, 2021.

This examination report includes significant findings of fact, as mentioned in the *Code of Alabama 1975*, as amended, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within

the examination report but separately communicated to other regulators and/or the Company.

ORGANIZATION AND HISTORY

The Company is the product of a merger between two Alabama domestic insurers; a brief history of each follows:

The Cotton States Life Insurance Company (CSL):

CSL was incorporated on December 4, 1954, in Dallas County, Alabama, to do business as a mutual aid, benefit and industrial company, with the powers and privileges prescribed by the State of Alabama. At incorporation, the authorized capital of CSL consisted of 150,000 shares of common stock with a par value of \$0.80 per share. The capital structure of CSL changed, as to the number of authorized shares and the par value of the shares, from the time of incorporation through the merger of CSL in 1973.

Federated Guaranty Life Insurance Company (FGL - Old):

FGL – Old was incorporated on October 22, 1971, in Montgomery County, Alabama. It was formed as a subsidiary of Alabama Farm Bureau Mutual Casualty Insurance Company, Inc. (AFBM), an Alabama company (currently, Alfa Mutual Insurance Company). The authorized capital of FGL - Old consisted of 3,000,000 shares of common stock with a par value of \$1 per share. FGL - Old started business with paid in capital of \$1,000,000 and paid in and contributed surplus of \$2,000,000 derived from the sale of 1,000,000 shares of authorized stock.

Federated Guaranty Life Insurance Company (FGL)

Effective December 31, 1973, FGL - Old was merged into CSL and the surviving corporation was named FGL. The authorized capital stock of FGL on the date of the merger consisted of 5,000,000 shares of common stock with a par value of \$1 per share. Each share of the capital stock of FGL – Old was automatically converted into a share of capital stock of the surviving corporation. The share certificates of FGL – Old were not necessary to be surrendered for the exchange of new certificates of FGL. Each share of the capital stock of CSL represented by \$2.50 par value common stock issued and outstanding at the effective date of merger, and the certificates were automatically converted into one and one-third shares of FGL capital stock. The shares of CSL capital stock, not surrendered for conversion into \$2.50 par value FGL capital stock, represented \$0.50 par value stock (some of which had been issued at \$0.80 par value) were automatically converted into 4/15th fractional shares of the capital stock of FGL.

Effective May 1, 1987, the Alabama Farm Bureau Federation withdrew from the national Farm Bureau Federation, of which it was a franchise member, and changed its name to

Alabama Farmers Federation. The names of all the insurance companies within the group also changed. The name of the Company was changed from FGL to Alfa Life Insurance Corporation.

On December 31, 2021, the authorized capital was 5,000,000 shares, of which 4,211,498 shares were issued and outstanding at the rate of \$1 par value, per share, and the Gross paid and contributed surplus was \$75,278,015.

MANAGEMENT AND CONTROL

Stockholders

The Company is a stock corporation with ownership vested in its stockholder. At December 31, 2021, 100% of the issued and outstanding common stock was owned by Alfa Corporation (AC). The controlling interest in AC is held by Alfa Mutual Insurance Company (65%) and Alfa Mutual Fire Insurance Company (35%).

Board of Directors

Directors are elected at the annual stockholder's meeting and serve until their successors are elected and qualified, which is in accordance with the Company's Bylaws. The following directors were serving at December 31, 2021:

Name and Residence

Principal Occupation

James Louis Parnell
Stanton, AL

Chairman of the Board, President, and
Chief Executive Officer

Alfa Mutual Insurance Company
Executive Vice President, General

Angela Long Bradwell
Montgomery, AL

Counsel and Secretary

Alfa Mutual Insurance Company
Executive Vice President, Administration
and Treasurer

William Scott Forrest
Montgomery, AL

Alfa Mutual Insurance Company

Committees

Audit Committee

The Company appointed the Audit Committee of Alfa Mutual Insurance Company as its Audit Committee. The following individuals were serving as of December 31, 2021:

Jacob Calhoun Harper, Chairman
Stephen Leonard Dunn
Jonathan Sidney Hegeman
Ronald Gray Vaughn, II
George Ray Jeffcoat

Officers

The Company's Bylaws provide that its principal officers shall be a Chairman of the Board, President, one or more Vice Presidents, a Secretary, and a Treasurer. These officers shall be elected for one year by the Board of Directors at its annual meeting after the annual meeting of stockholders.

The following officers were elected by the Board of Directors and were serving as of December 31, 2021:

<u>Officer</u>	<u>Title</u>
James Louis Parnell	Chairman of the Board, President, and Chief Executive Officer
Angela Long Bradwell	Executive Vice President, General Counsel and Secretary
William Scott Forrest	Executive Vice President, Administration and Treasurer
Sanjeev Chaudhuri	Vice President, Life Actuary
Rexton Carl Seabrook	Senior Vice President, Property & Casualty and Life Operations
William Thomas Coshatt Jr.	Executive Vice President, Operations
Mark Andrew Evans	Executive Vice President, Marketing
John Delane Hemmings Jr.	Senior Vice President, Chief Financial Officer, Chief Investments Officer
Julie Meadows Parish	Senior Vice President, Chief Accounting Officer

Conflict of Interest

The Company has a written policy for the disclosure of conflicts between the Company's interests and personal interests of its officers and employees. The process is performed on a biennial basis and is monitored by the Risk Management and Compliance Department. The Company's procedures require the Board of Directors sign a written conflict of interest

statement on an annual basis. These statements are maintained by the Company's legal department. These files were reviewed and were determined to be complete and current. No material conflicts or exceptions were noted in the statements of the officers, employees, or Board of Directors for the period under examination.

CORPORATE RECORDS

The Articles of Incorporation (Articles) and *Bylaws*, as amended, were inspected and found to provide for the operation of the Company in accordance with usual corporate practices and applicable statutes and regulations. During the period under examination, the Company did not amend the Articles or *Bylaws*.

Minutes of the Stockholder meetings, Board of Directors, and Board committees from January 1, 2017, to December 31, 2021, were reviewed. The minutes appeared to be complete with regard to recorded actions taken on matters before the respective bodies for deliberation and action.

HOLDING COMPANY & AFFILIATE MATTERS

Holding Company

The Company is subject to the Alabama Insurance Holding Company Regulatory Act, as defined in ALA. CODE § 27-29-1 (1975), as amended. In connection therewith, the Company is registered with the Alabama Department of Insurance as joint registrant of an Insurance Holding Company System. The Company is responsible for holding company registration and periodic filings in accordance with ALA. CODE § 27-29-4 (1975) and ALA. ADMIN. CODE 482-1-055 (1994).

Appropriate filings required under the Holding Company Act were made from time to time by the Company. The examination did not determine that any required disclosures were excluded from the Company's filings.

Dividends to Stockholders

The following dividends were issued to the sole stockholder during the examination period:

<u>Year</u>		<u>Amount</u>
2017	\$	0
2018	\$	0
2019	\$	0
2020	\$	0
2021	\$	0

Management and Service Agreements

Management and Operating Agreement

Alfa Mutual Insurance Company (AMIC) has a Management and Operating Agreement, (the M&O Agreement), under which AMIC provides substantially all of the facilities, management, and other operation services for Alfa Mutual Fire Insurance Company (AMFIC), Alfa Mutual General Insurance Company (AMGIC), Alfa Life Insurance Corporation (ALIC), Alfa Insurance Corporation (AIC), Alfa General Insurance Corporation (AGIC), Alfa Alliance Insurance Corporation (AAI), Trexis One Insurance Corporation (TOIC), Trexis Insurance Corporation (TIC), Alfa Financial Corporation (AFC), Alfa Corporation (AC), and certain non-insurance subsidiaries and affiliates.

AMIC pays the employees for services rendered and is reimbursed on an allocated percentage basis. Each company may employ personnel in its own name, upon written consent of AMIC. The company will be solely responsible for the employment, supervision, payment, and discharge of all such personnel.

Each company will pay and/or reimburse AMIC the percentages of expense incurred by AMIC, based on special expense allocation studies. The expense allocation rates are variable and based upon business activity metrics that differ between companies, depending upon the type of business, marketing and distribution method, location, etc. The companies understand and agree that the metrics may change from time to time, and not every company will have the same metrics applied to its expense allocation. All books of accounts, documents and records relating to such expenses will at all times be open to inspection by the company to which the records are applicable.

The M&O Agreement was amended on December 1, 2017, with the purpose of changing the names of Alfa Specialty Insurance Corporation (ASIC) and Alfa Vision Insurance

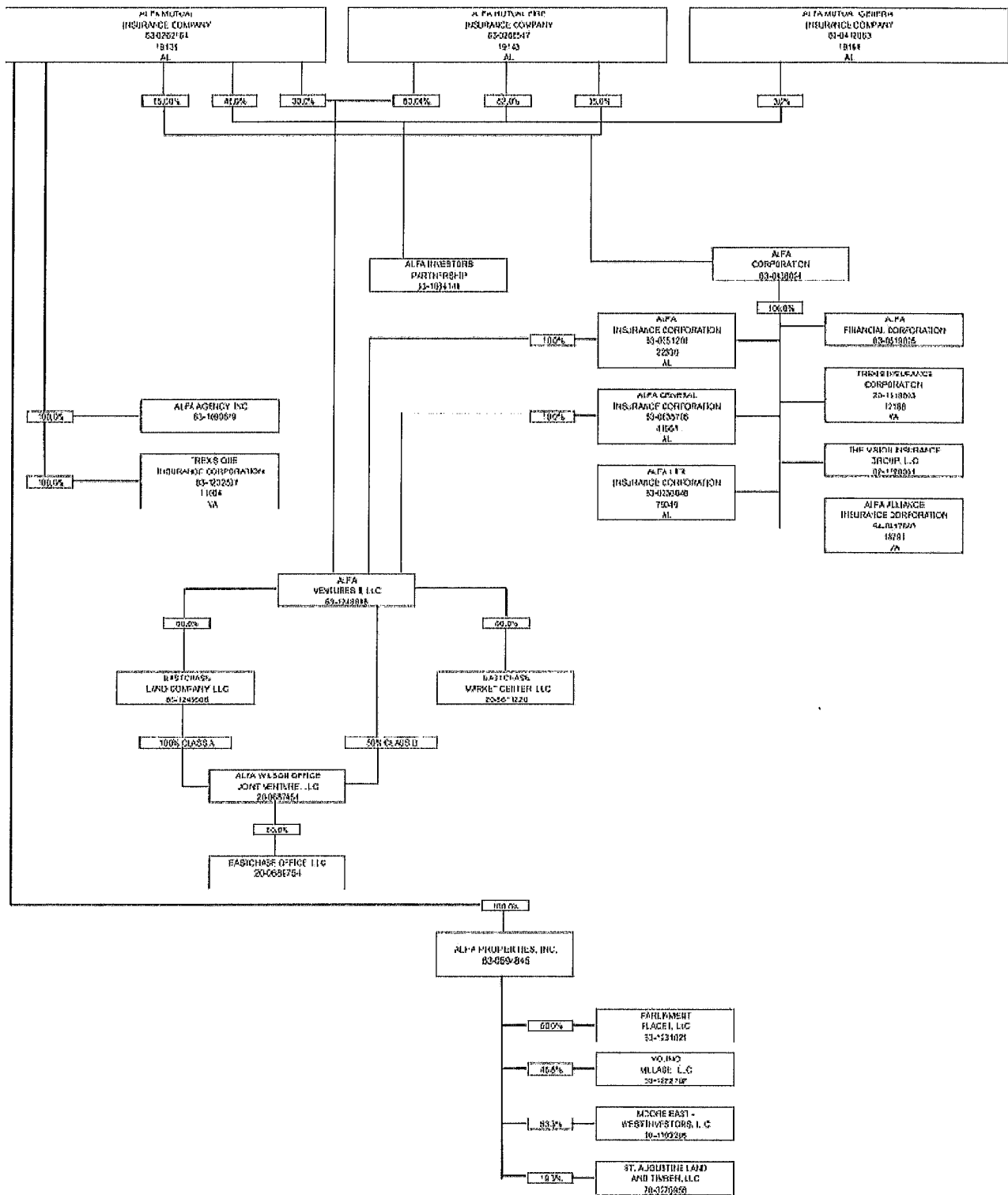
Corporation (AVIC) to TOIC and TIC. AMIC and any company may terminate its participation by giving written notice to all Parties not less than thirty days after deliver or mailing. In the event one or more companies terminate its participation, AMIC would reallocate the expense allocations on an equitable basis.

Consolidated Tax Allocation Agreement

Alfa Corporation (Parent) is party to a Tax Allocation Agreement dated February 19, 2007, with AIC, AGIC, ALIC, TIC, and various non-insurance subsidiaries. The Agreement allocates consolidated tax liability among the members and provides for allocation and payment of any refund. The agreement was amended on 12/1/2017, with the purpose of changing the names of ASIC and AVIC to TOIC and TIC.

ORGANIZATIONAL CHART

The following chart represents the corporate affiliations of the Company as of December 31, 2021:



PENSION AND INSURANCE PLANS

The Company had no employees; therefore, it had no formal employee or agent welfare program. Its operations were conducted by the personnel of AMIC under the terms of the Management and Operating agreement.

SCHEDULE OF SPECIAL DEPOSITS

The Company had the following special deposits at December 31, 2021, as required or permitted by law:

States, etc.	Book/Adjusted Carrying Value	Fair Value
Alabama	\$ 500,621	\$ 527,969
Georgia	\$ 35,044	\$ 36,958
North Carolina	\$ 400,497	\$ 422,375
South Carolina	\$ 135,168	\$ 142,552
Virginia	\$ 400,497	\$ 422,375
Total	\$ 1,471,827	\$ 1,552,229

FINANCIAL CONDITION/GROWTH OF THE COMPANY

The following table sets forth the significant items indicating the growth and financial condition of the Company for the period under review:

Year	Admitted Assets	Liabilities	Capital & Surplus	Premiums Earned
2017	\$ 1,430,241,109	\$ 1,161,243,154	\$ 268,997,955	\$ 151,806,464
2018	\$ 1,462,114,207	\$ 1,204,809,092	\$ 257,305,115	\$ 155,546,110
2019	\$ 1,543,933,114	\$ 1,274,086,213	\$ 269,846,901	\$ 159,324,512
2020	\$ 1,581,097,372	\$ 1,345,658,439	\$ 235,438,933	\$ 162,971,938
2021	\$ 1,642,880,592	\$ 1,415,440,685	\$ 227,439,907	\$ 170,394,311

MARKET CONDUCT ACTIVITIES

Plan of Operation

The Company wrote the following business: Life, Annuity and Accident and Health, Sickness, Disability and Credit Life. The products were marketed in the states of Alabama, Georgia and Mississippi. The life policies were sold by employed agents located in Alabama

agents located in Alabama. All Alabama agents were licensed in property and casualty and life and health.

As of December 31, 2021, the Company's business was produced from 219 service centers throughout Alabama, Georgia, and Mississippi. At December 31, 2021, there were 403 licensed producers.

Territory

As of December 31, 2021, the Company was licensed to transact insurance business in the following states:

Alabama	Arkansas	Florida	Georgia
Louisiana	Mississippi	Missouri	North Carolina
South Carolina	Tennessee	Virginia	

Marketing and Sales

The Company's advertising materials were reviewed for the examination period. The examiners' review did not reveal any advertisements that misrepresented policy benefits, made unfair or incomplete comparisons with other policies, or made false, deceptive, or misleading statements or representations.

The Company's web site www.alfainsurance.com was reviewed and found to include the following links: Auto, Life, Home, and Membership. Also, the site provided links to finding an agent, getting a quote, customer care, reporting a claim and making a payment.

Producers are not allowed to use their own advertising materials. All advertising materials must be ordered through the Alfa InTouch advertising portal where approved products are available. Only basic Alfa logo and name for prepared materials are permitted and must be sent to and approved by Marketing prior to use.

Claims Payment Practices

Paid Claims

A sample of 109 Alabama paid claims were selected from a total population of 20,623 paid claims for the examination period (2017-2021). The sample was reviewed for compliance with the Company's policy provisions, timeliness of payments and adequacy of documentation. No significant discrepancies were found.

Denied Claims

Due to the population size of the denied claims, the examiner reviewed all 97 items for the examination period 2017-2021. A review of the documentation for the sample was made to determine if it supported or justified the ultimate claim determination and whether the Company complied with ALA. ADMIN. CODE 482-1-124 (2003). There were no discrepancies found.

Producer Licensing

Appointments

The examiner selected a random sample of 117 new Alabama business transactions from a population of 31,779,039 during the examination period. The examiner verified that the producer held a current license and was appointed with the Company prior to writing the business.

Terminations

The examiner selected a sample of 84 producers from a population of 214 Alabama terminated producers. The examiner determined that the ALDOI was notified of the termination within thirty days following the effective date of the termination. The producer was also notified of the termination by letter within 15 days of the termination.

Underwriting and Rating

A review of the underwriting guidelines utilized by the Company did not evidence any discriminatory guidance for underwriters in the risk selection process. The medical information in the manual was appropriate for assessing an applicant's risk based upon specific medical conditions.

The examiner verified samples of Alabama policy premiums, rejected, or declined applications for insurance and cancelled policies during the examination period for compliance with Alabama statutes and regulations. The Company's Alabama policyholders' policy premiums were recalculated and were determined to be in accordance with the Company's guidelines and rates. The examiners recalculated the policy premium on 116 policies that were issued during the examination period in order to determine the premiums were based on the following rating factors: age, gender, volume of insurance, plan of insurance, risk (preferred, standard, rated), riders, medical information, table rating. The Company's Alabama policyholders' policy premiums were recalculated, were in accordance with Company's underwriting guidelines and rates and were issued in a timely manner.

A sample of 116 Alabama rejected/declined applications were selected from a total population of 9,421 for the examination period. The sample review of the rejected/declined applications determined they were denied in a nondiscriminatory manner and were rejected/declined for underwriting reasons.

The examiners reviewed both insured requested, and Company initiated cancellations. A sample of 116 Alabama insured requested cancellations were selected from a total population of 28,353 for the examination period (2017-2021). There was also a sample of 116 Alabama Company initiated cancellations selected from a total population of 47,121 for the examination period (2017-2021). The review of both insured requested and Company initiated cancellations determined the cancellations were handled in a timely manner without an excessive amount of paperwork.

Life insurance rates are not required to be filed with the Alabama Department of Insurance.

Privacy

The Company's Privacy Notice disclosed the types of information collected, the way the information is used, the manner in which information is collected and how the information is protected. The Privacy Notice also specifically stated the customers' rights, and the Company does not disclose any information to any non-affiliated third parties unless permitted to do so by law.

It was determined the Company complied with the privacy requirements of ALA. ADMIN. CODE 482-1-122 (2002).

REINSURANCE

Reinsurance Assumed

The Company had no reinsurance assumed at December 31, 2021.

Reinsurance Ceded

The Company's ceded reinsurance program consisted of automatic and yearly renewable term reinsurance agreements with an option to negotiate facultative reinsurance over the reinsurer's maximum limits. The reinsurance agreements active at December 31, 2021, had effective dates ranging from August 11, 2000, to January 1, 2018. The Company automatically cedes cases to a reinsurance company when coverage exceeds retention on a "per life" basis.

According to Schedule S - Part 3 - Section 1 of the Company's 2021 Annual Statement, reserve credit taken by the Company was \$11,270,098 and ceded premiums were \$9,598,206 at December 31, 2021.

The significant reinsurance treaties active at December 31, 2021, were:

Hannover Life Reassurance Company of America

Treaty Number	HA3348/Alfa-01	
Type	Automatic/Facultative YRT Reinsurance Agreement	
Plans Covered	<u>Plan Name</u>	<u>Plan Code</u>
	• 10 Year Level Term	761, 781
	• 15 Year Level Term	763, 783

	<ul style="list-style-type: none"> • 20 Year Level Term 765, 785 • 25 Year Level Term 767, 787 • 30 Year Level Term 769, 789 <ul style="list-style-type: none"> • 30 Year ROP 746 <ul style="list-style-type: none"> • Conversions to WL, ISP or UL from level term products covered under this agreement • WL, ISP, or UL products can be ceded as new business on a facultative basis 						
Coverage	Surnames beginning with letters A-K Effective 1/1/2021 – for level term products - surnames beginning with letters A-J. No change to the 30 Year ROP.						
Retention	<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>Std to Table D</u></td> <td style="text-align: center;"><u>Table E and Above</u></td> </tr> <tr> <td>3/1/03 - Present</td> <td> <table border="0"> <tr> <td style="text-align: center;">\$500,000</td> <td style="text-align: center;">\$300,000</td> </tr> </table> </td> </tr> </table>	<u>Std to Table D</u>	<u>Table E and Above</u>	3/1/03 - Present	<table border="0"> <tr> <td style="text-align: center;">\$500,000</td> <td style="text-align: center;">\$300,000</td> </tr> </table>	\$500,000	\$300,000
<u>Std to Table D</u>	<u>Table E and Above</u>						
3/1/03 - Present	<table border="0"> <tr> <td style="text-align: center;">\$500,000</td> <td style="text-align: center;">\$300,000</td> </tr> </table>	\$500,000	\$300,000				
\$500,000	\$300,000						
Limit	Limits: <ul style="list-style-type: none"> • Jumbo limit: \$10,000,000 Binding Limits: <ul style="list-style-type: none"> • Issue amount is five times the ceding company's retention, not to exceed \$2,500,000. 						

RGA Reinsurance Company

Treaty Number	13321-00-00								
Type	Automatic/Facultative YRT Reinsurance Agreement								
Plans Covered	<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>Plan Name</u></td> <td style="text-align: center;"><u>Plan Code</u></td> </tr> <tr> <td colspan="2"> <ul style="list-style-type: none"> • 10 Year Level Term 761, 781 • 15 Year Level Term 763, 783 • 20 Year Level Term 765, 785 • 25 Year Level Term 767, 787 • 30 Year Level Term 769, 789 </td> </tr> <tr> <td colspan="2"> <ul style="list-style-type: none"> • 30 Year ROP 746 </td> </tr> <tr> <td colspan="2"> <ul style="list-style-type: none"> • Conversions to ISP, UL or WL from level term products covered under this agreement • ISP, UL, or WL on a facultative basis </td> </tr> </table>	<u>Plan Name</u>	<u>Plan Code</u>	<ul style="list-style-type: none"> • 10 Year Level Term 761, 781 • 15 Year Level Term 763, 783 • 20 Year Level Term 765, 785 • 25 Year Level Term 767, 787 • 30 Year Level Term 769, 789 		<ul style="list-style-type: none"> • 30 Year ROP 746 		<ul style="list-style-type: none"> • Conversions to ISP, UL or WL from level term products covered under this agreement • ISP, UL, or WL on a facultative basis 	
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<ul style="list-style-type: none"> • 30 Year ROP 746 									
<ul style="list-style-type: none"> • Conversions to ISP, UL or WL from level term products covered under this agreement • ISP, UL, or WL on a facultative basis 									
Coverage	Surnames beginning with letters L-Z								

	Effective 1/1/2021, level term product having surnames beginning with letters K-S
Retention	<u>Std to Table D</u> <u>Table E and Above</u>
	3/1/03 - Present \$500,000 \$300,000
Limit	Limits: <ul style="list-style-type: none"> • Jumbo limit: \$10,000,000 Binding Limits: <ul style="list-style-type: none"> • Issue amount is five times the ceding company's retention, not to exceed \$2,500,000.

Swiss Re Life & Health America, Inc.

Treaty Number	I928961US-17																												
Type	Automatic YRT Reinsurance Agreement																												
Plans Covered	<table border="0"> <thead> <tr> <th><u>Plan Name</u></th> <th><u>Plan Code</u></th> </tr> </thead> <tbody> <tr> <td>• Whole Life Pay</td> <td>230</td> </tr> <tr> <td>• Whole Life Ten-Pay</td> <td>234</td> </tr> <tr> <td>• Whole Life Single-Pay</td> <td>232</td> </tr> <tr> <td>• ISP</td> <td>613</td> </tr> <tr> <td>• Universal Life</td> <td>U07, U09</td> </tr> <tr> <td>• 10 Year Level Term</td> <td>761, 781</td> </tr> <tr> <td>• 15 Year Level Term</td> <td>763, 783</td> </tr> <tr> <td>• 20 Year Level Term</td> <td>765, 785</td> </tr> <tr> <td>• 25 Year Level Term</td> <td>767, 787</td> </tr> <tr> <td>• 30 Year Level Term</td> <td>769, 789</td> </tr> <tr> <td>Fac only:</td> <td></td> </tr> <tr> <td>• Level Term Series</td> <td>76x</td> </tr> <tr> <td>• 30 Year ROP</td> <td>746</td> </tr> </tbody> </table>	<u>Plan Name</u>	<u>Plan Code</u>	• Whole Life Pay	230	• Whole Life Ten-Pay	234	• Whole Life Single-Pay	232	• ISP	613	• Universal Life	U07, U09	• 10 Year Level Term	761, 781	• 15 Year Level Term	763, 783	• 20 Year Level Term	765, 785	• 25 Year Level Term	767, 787	• 30 Year Level Term	769, 789	Fac only:		• Level Term Series	76x	• 30 Year ROP	746
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Coverage	Surnames beginning with letters A-Z Effective 1/1/2021, for level term product, surnames beginning with letters T-Z																												
Retention	<u>Std to Table D</u> <u>Table E and Above</u>																												
	3/1/03 - Present \$500,000 \$300,000																												
Limit	Life: <u>Ages</u> <u>Standard-Table D</u> <u>Tables E-P</u>																												

	0-80	\$2,500,000	\$1,500,000
	Jumbo:		
	\$10,000,000		

*SCOR Global Life USA Reinsurance Company
f/ k/ a Generali USA Life Reassurance Company*

Treaty Number	200901.21
Type	Accidental Death Quota Share Agreement
Plans Covered	Covers all ordinary life policies in Alfa's portfolio
Coverage	Covers losses occurring as a result of accidental death, including suicide claims, of all in-force, new and renewal Ordinary Life policies and associated ADB riders attached thereto; issued by the company during the term of this reinsurance.
Retention	\$10.3 million
Limit	With respect to ALFA employees there is a \$100,000,000 limit per occurrence.

ACCOUNTS AND RECORDS

The Company utilizes a centralized processing environment for the majority of its daily business requirements. This environment includes mainframe operations and server clusters. The Company operates a web site that has limited commerce functionality. Overall, the Company has a highly complex IT environment.

FINANCIAL STATEMENT INDEX

The following financial statements are based on the statutory financial statements filed by the Company with the Alabama Department of Insurance and present the financial condition of the Company for the period ending December 31, 2021. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

Statement of Assets.....	20
Statements of Liabilities, Surplus, and Other Funds	21
Statement of Summary of Operations.....	22
Capital and Surplus	23

ALFA LIFE INSURANCE CORPORATION
STATEMENT OF ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

Assets	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$1,135,245,143	-	\$1,135,245,143
Preferred Stocks	24,025,773	-	24,025,773
Common Stocks	177,029,220	-	177,029,220
Cash	66,530,477	-	66,530,477
Contract loans	86,062,909	212,500	85,850,409
Derivatives	8,679,388	-	8,679,388
Other invested assets	116,137,845	-	116,137,845
Receivables for securities	487,787	-	487,787
Aggregate write-ins for invested assets	1	-	1
Subtotals, cash and invested assets	\$1,614,198,543	\$212,500	\$1,613,986,043
Investment income due and accrued	\$11,763,020	-	\$11,763,020
Premiums and considerations			
Uncollected premiums and agents' balances in the course of collection	456,643	-	456,643
Reinsurance			
Amounts recoverable from reinsurers	1,713,191	479,574	1,233,617
Net deferred tax asset	38,898,118	23,456,849	15,441,269
Electronic data processing equipment and software	5,090,992	5,090,992	-
Health care and other amounts receivable	260	260	-
TOTAL ASSETS	\$1,672,120,767	29,240,175	\$1,642,880,592

**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL
PART THEREOF**

ALFA LIFE INSURANCE CORPORATION
STATEMENT OF LIABILITIES, SURPLUS, AND OTHER FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Liabilities	<u>Current Year</u>
Aggregate reserve for life contracts	\$1,284,999,877
Aggregate reserve for accident and health contracts	598,505
Liability for deposit-type contracts	24,466,675
Contract claims:	
Life	16,288,608
Accident and health	198,865
Policyholders' dividends and refunds to members apportioned for payment	5,797,564
Premiums and annuity considerations for life and accident and health contracts received in advance	188,867
Interest maintenance reserve	4,358,877
Commissions to agents due or accrued-life and annuity contracts	837,304
General expenses due or accrued	1,370,879
Taxes, licenses and fees due or accrued, excluding federal income taxes	292,357
Current federal and foreign income taxes	814,220
Amounts withheld or retained by reporting entity as agent or trustee	1,411
Remittances and items not allocated	247,536
Asset valuation reserve	58,214,924
Payable to parent, subsidiaries and affiliates	4,352,067
Payable for securities	6,987,875
Aggregate write-ins for liabilities	5,424,275
Total liabilities	<u>\$1,415,440,685</u>
Common capital stock	\$4,211,498
Gross paid in and contributed surplus	75,278,015
Aggregate write-ins for special surplus funds	72,413,386
Unassigned funds	75,537,008
Surplus	223,228,409
Total Liabilities, surplus and other funds	<u><u>\$1,642,880,592</u></u>

**THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL
PART THEREOF**

ALFA LIFE INSURANCE CORPORATION
STATEMENT OF SUMMARY OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020	2019	2018	2017
Premiums and annuity considerations for life and accident and health contracts	\$170,394,311	\$162,971,938	\$159,324,512	\$ 155,546,110	\$151,806,464
Considerations for supplementary contracts with life contingencies	410,158	-	144,647	151,073	-
Net investment income	63,028,808	61,330,341	55,527,776	51,609,789	51,243,260
Amortization of Interest Maintenance Reserve	621,692	1,193,280	969,760	1,399,645	1,598,424
Commissions and expense allowances on reinsurance ceded	1,751	4,681	4,309	-	-
Aggregate write-ins for miscellaneous income	9,594	9,608	9,636	9,501	7,760
Total	\$234,466,313	\$225,509,848	\$215,980,640	\$ 208,716,117	\$204,655,908
Death benefits	128,243,847	98,184,362	75,735,596	74,117,730	67,321,335
Matured endowments	474,902	153,520	178,371	114,673	227,154
Annuity benefits	2,818,697	2,178,980	1,840,631	1,051,411	1,920,498
Disability benefits and benefits under accident and health contracts	1,141,911	1,143,742	1,246,517	780,259	1,206,707
Surrender benefits and withdrawals for life contracts	36,276,152	36,566,225	36,286,219	44,721,524	36,985,576
Interest and adjustments on contract or deposit-type contract funds	1,615,929	1,331,390	1,362,404	1,194,498	1,077,857
Payments on supplementary contracts with life contingencies	115,991	114,431	190,853	128,739	115,034
Increase in aggregate reserves for life and accident and health contracts	52,258,036	47,717,682	47,417,515	32,793,004	37,144,108
Totals	\$222,945,465	\$187,390,332	\$164,258,106	\$ 154,901,838	\$145,998,269
Commissions on premiums, annuity considerations, and deposit-type contract funds	10,646,396	10,817,533	11,055,619	11,304,456	11,884,994
General insurance expenses and fraternal expenses	24,923,358	26,752,998	25,118,369	26,658,456	24,155,192
Insurance taxes, licenses and fees, excluding federal income taxes	4,833,735	4,898,024	4,726,788	4,609,934	4,699,482
Increase in loading on deferred and uncollected premiums	29,927	679	112,296	(23,828)	(35,709)
Aggregate write-ins for deductions	(11,151)	(5,012)	86,144	21,801	73,319
Totals	\$263,367,730	\$229,854,554	\$205,357,322	\$ 197,472,657	\$186,775,547
Net gain from operations before dividends to policyholders, refunds to members and federal income taxes	(28,901,417)	(4,344,706)	10,623,318	11,243,461	17,880,361
Dividends to policyholders and refunds to members	5,626,983	5,404,990	5,684,417	5,414,298	5,059,102
Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes	(34,528,400)	(9,749,696)	4,938,901	5,829,163	12,821,259
Federal and foreign income taxes incurred	(980,210)	7,701,292	(1,184,388)	530,830	5,564,928
Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses)	(33,548,190)	(17,450,988)	6,123,289	5,298,333	7,256,331
Net realized capital gains (losses) less capital gains tax	3,295,751	24,839,422	2,207,379	5,647,256	9,203,079
Net income	\$(30,252,439)	\$ 7,388,434	\$ 8,330,667	\$ 10,945,589	\$ 16,459,410

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART THEREOF

NOTES TO FINANCIAL STATEMENTS

Note 1- Analysis of Changes to Surplus

There were no adjustments made to surplus.

CONTINGENT LIABILITIES AND PENDING LITIGATION

The review of contingent liabilities and pending litigation included an inspection of representations made by the Company's managers, a review of the Company's records and files for the period under examination, and a review of the records subsequent to the examination date. The reviews performed did not identify any items that would have a material effect on the Company's financial condition in the event of an adverse outcome.

The Company has committed to invest \$72,413,386 in partnerships, which are investments in joint ventures, partnerships and, limited liability companies under SSAP No. 48 - *Joint Ventures, Partnerships and Limited Liabilities Companies*. This amount has been reported as special surplus.

SUBSEQUENT EVENTS

The COVID-19 pandemic has continued to develop throughout 2021 and 2022, with substantial uncertainty remaining regarding the full effects of COVID-19 on the U.S. and Global insurance and reinsurance industry. The number of reported COVID-19 cases has significantly decreased during 2022. At the time of releasing this report, the examination's review of the Company noted that there was an impact to the Company's profitability in 2021. The Alabama Department of Insurance has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Alabama Department of Insurance continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

Effective December 9, 2022, TIC and TOIC re-domesticated to the State of Tennessee.

Effective March 1, 2022, TIC acquired Arizona Automobile Insurance Company (AZ Auto) of Arizona.

Effective January 1, 2022, AAI merged with TOIC. TOIC was the surviving entity.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

A review was conducted during the current examination with regard to the Company's compliance with the recommendations made in the previous examination report. This review indicated that the Company had satisfactorily complied with prior examination recommendations.

COMMENTS AND RECOMMENDATIONS

There were no comments or recommendations reported.

CONCLUSION

Acknowledgment is hereby made of the courteous cooperation extended by the officers and employees of the Company during the course of this examination.

The customary insurance examination procedures, as recommended by the NAIC, have been followed to the extent appropriate in connection with the verification and valuation of assets and determination of liabilities set forth in this report.

In addition to the undersigned, the following examiners, representing the Alabama Department of Insurance, participated in certain phases of this examination:

Cristi Owen, CFE, CPA, AMCM, CPM
Theo Goodin, AIE, ALMI, MCM
Mora Perkins-Taylor, MCM
Jacob Grissett, CFE (Fraud)
David Martin
Andarius Vincent
Jackson Goodwin

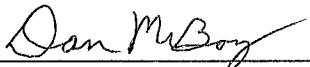
Taylor-Walker Consulting, LLC was contracted to perform the actuarial portions of this examination:

Solomon Frazier, FSA, FCAS, MAAA

Noble Consulting Services, Inc. was contracted to perform the information technology portions of this examination:

Stefan Obereichholz-Bangert, AES, CISA, CISM

Respectfully submitted,



Dan McBay, CFE, CPA, CGMA, ARe, Noble Consulting Services, Inc.
Examiner-in-Charge
State of Alabama Department of Insurance



Francis Blase Abreo, CFE
Insurance Examination Supervisor
Alabama Department of Insurance