

REPORT OF EXAMINATION  
OF THE  
ALL SAVERS LIFE INSURANCE COMPANY  
OF CALIFORNIA  
AS OF  
DECEMBER 31, 2017

Filed on May 13, 2019

## TABLE OF CONTENTS

	<u>PAGE</u>
SCOPE OF EXAMINATION .....	1
COMPANY HISTORY: .....	3
Capitalization .....	3
Dividends Paid to Parent .....	3
MANAGEMENT AND CONTROL:.....	4
Intercompany Agreements.....	5
TERRITORY AND PLAN OF OPERATION.....	6
REINSURANCE .....	6
FINANCIAL STATEMENTS: .....	7
Statement of Financial Condition as of December 31, 2017 .....	8
Summary of Operations and Capital and Surplus Account for the Year Ended December 31, 2017 .....	9
Capital and Surplus Account.....	9
Reconciliation of Surplus as Regards Policyholders from December 31, 2012 through December 31, 2017 .....	10
COMMENTS ON FINANCIAL STATEMENT ITEMS:.....	11
Aggregate reserves for accident and health contracts.....	11
SUMMARY OF COMMENTS AND RECOMMENDATIONS: .....	11
Current Report of Examination .....	11
Previous Report of Examination .....	11
ACKNOWLEDGMENT .....	12

San Francisco, California  
April 11, 2019

Honorable Ricardo Lara  
Insurance Commissioner  
California Department of Insurance  
Sacramento, California

Dear Commissioner:

Pursuant to your instructions, an examination was made of the

**ALL SAVERS LIFE INSURANCE COMPANY OF CALIFORNIA**

(hereinafter referred to as the Company). The Company's statutory home office is located at 5996 Plaza Drive Mail Route CA 112-0252, Cypress, California 90630. The examination was conducted at the California Department of Insurance office located at 45 Fremont Street 24<sup>th</sup> Floor, San Francisco, California 94105.

**SCOPE OF EXAMINATION**

The previous examination of the Company was made as of December 31, 2012. This examination covers the period from January 1, 2013 through December 31, 2017.

The examination was conducted in accordance with the National Association of Insurance Commissioners Financial Condition Examiners Handbook (Handbook). The Handbook requires the planning and performance of the examination to evaluate the Company's financial condition, assess corporate governance, identify current and prospective risks, 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.

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

This examination report includes findings of fact and general information about the Company 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.), were not included within the examination report, but separately communicated to the Company.

This examination is part of a coordinated examination for the UnitedHealth Group Incorporated (UHG) companies, with the Connecticut Insurance Department serving as the lead regulator for UHG.

The examination was conducted concurrently with the examinations of other insurance entities in subgroup #3 within the holding company group, which include Golden Rule Insurance Company (Indiana), All Savers Insurance Company (Indiana), Harken Health Insurance Company (Wisconsin), Unimerica Insurance Company (Wisconsin), and UnitedHealthcare Life Insurance Company of New York (New York). The Indiana Department of Insurance served as the facilitating state for the examination of the subgroup #3 companies.

## COMPANY HISTORY

The Company was incorporated in California on December 31, 1985 under the laws of the State of California. The Company, a wholly owned subsidiary of Golden Rule Financial Corporation (GRFC), is licensed to transact life and disability insurance business in the states of California and Illinois.

On November 13, 2003, UnitedHealth Group Incorporated (UHG) acquired 100% of GRFC and its subsidiaries. The Company became a member of the UnitedHealth Group with UHG being the ultimate controlling person. On May 8, 2008, the Company changed its name from Rooney Life Insurance Company to All Savers Life Insurance Company of California.

### Capitalization

The Company is authorized to issue 100,000 shares of common stock with a par value of \$84 per share. As of December 31, 2017, there were 30,000 shares outstanding.

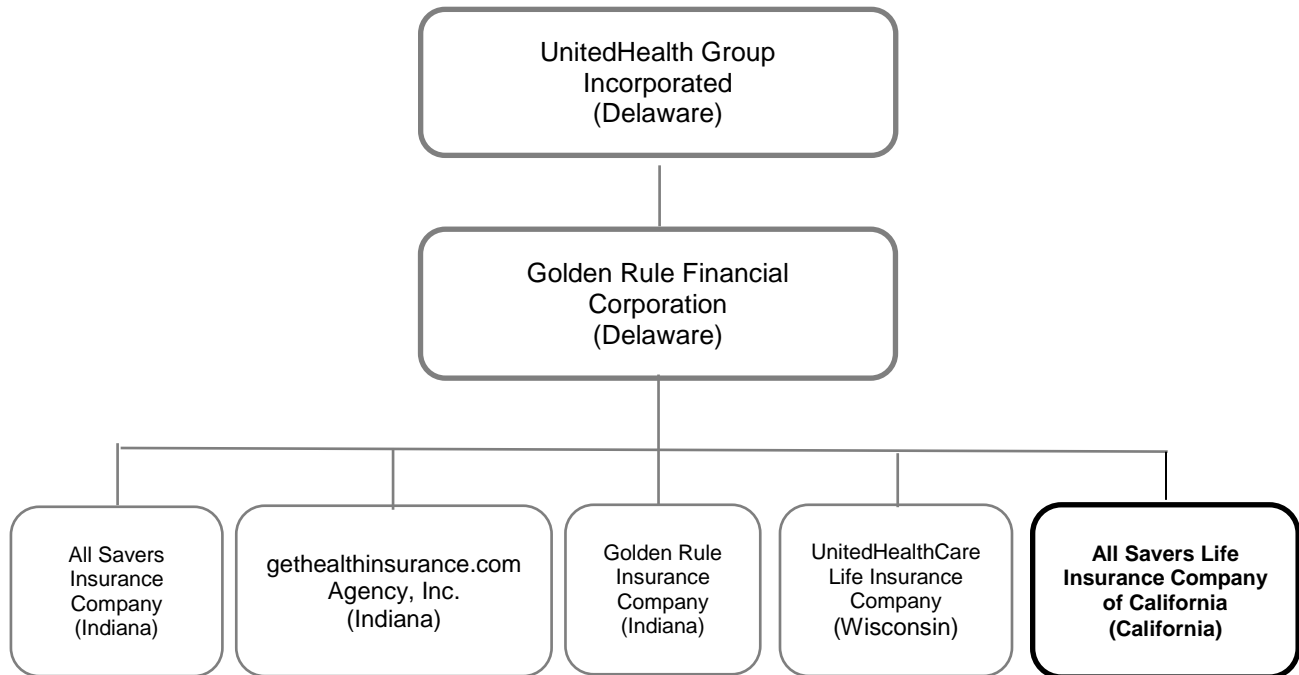
### Dividends Paid to Parent

In November 2013, the Company declared an ordinary cash dividend of \$1.0 million, which was paid to its parent Golden Rule Financial Corporation (GRFC), and properly notified to the California Department of Insurance (CDI) in accordance with California Insurance Code (CIC) Section 1215.4(f). On May 28, 2014, the Company submitted a request pursuant to California Insurance Code (CIC) Section 1215.5(g) to pay an extraordinary cash dividend of \$3.0 million to GRFC. The request was approved by the CDI on June 30, 2014. The extraordinary dividend was recorded as a reduction to unassigned surplus in the statutory basis financial statements

The Company paid no dividends and received no capital infusions during 2015, 2016, or 2017.

## MANAGEMENT AND CONTROL

The Company is a member of an insurance holding company system, in which UnitedHealth Group Incorporated (UHG) is the ultimate controlling entity. The following abridged organizational chart is limited to the entities within the holding company system which the Company had interrelationship with during the examination period (all ownership is 100%):



The three members of the board of directors, who are elected annually, oversee the business and affairs of the Company. Following are members of the board and principal officers of the Company serving at December 31, 2017:

### Board Officers

<u>Name and Location</u>	<u>Principal Business Affiliation</u>
Patrick Francis Carr Indianapolis, Indiana	Chairman of the Board, President, and Chief Executive Officer UnitedHealthOne (1)
John Frederick Frank Indianapolis, Indiana	Chief Administrative Officer UnitedHealthOne (1)
Richard Charles Sullivan Indianapolis, Indiana	Vice President Regulatory Affairs and Sr. Associate General Counsel and Director of Policy Compliance UnitedHealthcare

### Principal Officers

<u>Name and Location</u>	<u>Title</u>
Patrick Francis Carr	Chairman of the Board, President, and Chief Executive Officer
Jeremy M. Schoettle	Vice President, Chief Financial Officer
Richard Charles Sullivan	Secretary
Robert Worth Oberrender	Treasurer

Note (1): All board officers are UnitedHealthCare Services, Inc. employees. UnitedHealthOne is the brand which includes the Company.

### Intercompany Agreements

Management Services Agreement: The Company entered into a Management Services Agreement with an affiliate, United HealthCare Services, Inc. (UHS), effective January 1, 2014. Under this agreement, UHS provides the Company management, administrative, and operational support as deemed necessary or appropriate. The

Company pays fees to UHS equal to UHS's actual expenses for services or use of assets. The agreement was approved by the California Department of Insurance (CDI) on December 10, 2013.

Effective January 1, 2015, the Company entered into the First Amendment to the Management Services Agreement with UHS (First Amendment). The First Amendment reflects modifications to the third party administrator, and to Medicare and other services provisions to comply with regulatory requirements. The First Amendment was filed with CDI on November 5, 2014 and approved on July 24, 2015. The amounts paid by the Company under the original and first amended management services agreements were (\$489), \$4,367, \$19,363, \$5,740, and \$15,023 in 2017, 2016, 2015, 2014, and 2013, respectively.

Tax Allocation Agreement: The Company has an amended Tax Allocation Agreement with its ultimate parent, UHG and its subsidiaries. Under this agreement, UHG files a consolidated federal income tax return on behalf of itself, the Company and the other subsidiaries in the group. The Company is not responsible for the tax payment in excess of what it would have to pay had it filed a separate tax return. The agreement was approved by the CDI on April 27, 2006.

### TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact life and disability insurance in the states of California and Illinois. The Company began marketing stop loss coverage in 2014, with the first stop loss policy sold in late 2014, to a single group with approximately 140 members in California. However, the group terminated the policy, effective September 30, 2016. During 2017, the Company reported no premiums written.

### REINSURANCE

The Company did not assume nor cede any reinsurance during the examination period.



## FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the California Department of Insurance for the period ending December 31, 2017. The accompanying comments to the amounts reported in the financial statement should be considered an integral part of the financial statements. No adjustments were made to the financial statements as a result of the examination.

Statement of Financial Condition as of December 31, 2017

Summary of Operations and Capital and Surplus Account for the Year Ended  
December 31, 2017

Reconciliation of Capital and Surplus as Regards to Policyholders from  
December 31, 2012 through December 31, 2017

Statement of Financial Condition  
as of December 31, 2017

<u>Assets</u>	<u>Ledger and Nonledger Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>	<u>Notes</u>
Bonds	\$ 1,542,849	\$ 0	\$ 1,542,849	
Cash and short-term investments	4,774,845		4,774,845	
Investment income due and accrued	30,757		30,757	
Current federal & foreign income tax receivable and interest due thereon	888		888	
Net deferred tax asset	<u>1</u>		<u>1</u>	
 Total assets	 <u>\$ 6,350,340</u>	 <u>\$ 0</u>	 <u>\$ 6,350,340</u>	
 <u>Liabilities, Surplus and Other Funds</u>				
Aggregate reserves for life contracts			\$ 0	(1)
Aggregate reserves for accident and health contracts			825	(1)
Contract claims for life			0	(1)
Contract claims for accident and health			0	(1)
Interest maintenance reserve			51,601	
General expenses due and accrued			8	
Taxes, licenses and fees due and accrued			52,643	
Payable to parent, subsidiaries, and affiliates			<u>87</u>	
 Total liabilities			 105,163	
Common capital stock		\$ 2,520,000		
Gross paid-in and contributed surplus		2,657,840		
Unassigned funds (surplus)		<u>1,067,337</u>		
 Surplus			 <u>6,245,177</u>	
 Total liabilities, surplus and other funds			 <u>\$ 6,350,340</u>	

Summary of Operations and Capital and Surplus Account  
for the Year Ended December 31, 2017

Summary of Operations

Premium and annuity considerations for life and accident and health contracts	\$	0	
Net investment income		71,458	
Amortization of interest maintenance reserve		<u>4,113</u>	
Total			\$ 75,571
Disability benefits and benefits under accident and health contracts	\$	20,204	
Increase (Decrease) in aggregate reserves for life and accident and health contracts		(51,926)	
General insurance expenses		(489)	
Insurance taxes, licenses & fees, excluding Federal Income Taxes (FIT)		<u>37,231</u>	
Total			<u>(5,020)</u>
Net gain (loss) from operations before federal income taxes			70,551
Federal and foreign income taxes incurred			<u>23,113</u>
Net Income			<u>\$ 47,438</u>

Capital and Surplus Account

Capital and surplus, December 31, 2016			\$ 6,197,738
Net income	\$	47,438	
Change in net deferred income tax		<u>1</u>	
Change in surplus as regards policyholders for the year			<u>47,439</u>
Capital and surplus, December 31, 2017			<u>\$ 6,245,177</u>

Reconciliation of Capital and Surplus as Regards Policyholders  
from December 31, 2012 through December 31, 2017

Capital and surplus, December 31, 2012,  
per Examination \$ 10,597,934

	<u>Gain in Surplus</u>	<u>Loss in Surplus</u>	
Net income	\$	\$ 352,758	
Change in net deferred income tax	1		
Dividends to Stockholder	<u>                    </u>	<u>4,000,000</u>	
Total gains and losses	<u>\$ 1</u>	<u>\$ 4,352,758</u>	
Net decrease in surplus as regards policyholders			<u>(4,352,757)</u>
Capital and surplus, December 31, 2017, per Examination			<u>\$ 6,245,177</u>

## COMMENTS ON FINANCIAL STATEMENT ITEMS

(1) Aggregate reserves for life contracts, Aggregate reserves for accident and health contracts, Contract claims for Life, and Contract claims for Accidents and Health

An Actuarial Assistant from the California Department of Insurance (CDI) reviewed the aggregate reserves for life contracts, aggregate reserves for accident and health contracts, contract claims for life, and contract claims for accidents and health, and determined the amounts reported seem reasonable given that the company is paying off residual claims on a closed block of business, and has not written any premium since 2016. The Company's reserves for aggregate reserves for life contracts, aggregate reserves for accident and health contracts, contract claims for life, and contract claims for accidents and health as of December 31, 2017 are reasonable and have been accepted for purposes of this examination.

## SUMMARY OF COMMENTS AND RECOMMENDATIONS

### Current Report of Examination

None.

### Previous Report of Examination

None.

ACKNOWLEDGMENT

Acknowledgment is made of the cooperation and assistance extended by the Company's officers and employees during the course of this examination.

Respectfully submitted,

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Vicky Au-Yeung  
Examiner-In-Charge  
Associate Insurance Examiner  
Department of Insurance  
State of California

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Ber Vang, CFE, AES, CISA  
Bureau Chief  
Department of Insurance  
State of California