

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

IN THE MATTER OF:)
)
Sterling Investors Life Insurance Company)
10201 North Illinois Street, Suite 280)
Indianapolis, Indiana 46290)

Examination of: **Sterling Investors Life Insurance Company**


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Sterling Investors Life Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on June 5, 2019, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Sterling Investors Life Insurance Company shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

June 28, 2019
Date

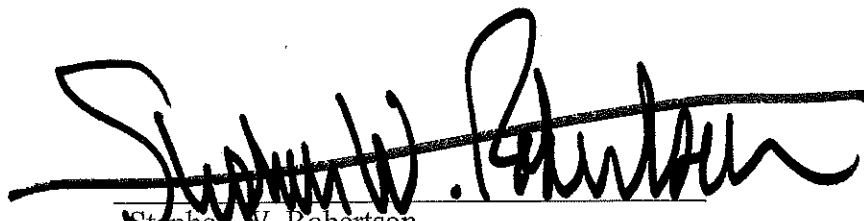

Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7005 3110 0002 4444 0748

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 28 day of June, 2019.


Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

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STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

STERLING INVESTORS LIFE INSURANCE COMPANY

NAIC Co. CODE 89184
NAIC GROUP CODE 4888

As of

December 31, 2017

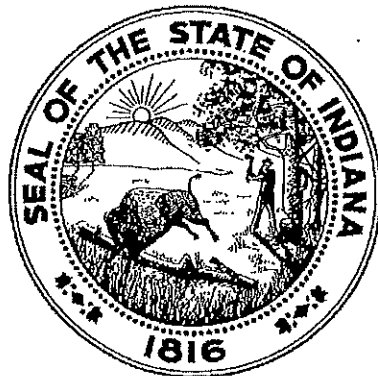


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Stephen W. Robertson, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/idoi

May 31, 2019

Honorable Stephen W. Robertson, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3993, an examination has been made of the affairs and financial condition of:

Sterling Investors Life Insurance Company
10201 North Illinois Street, Suite 280
Indianapolis, Indiana 46290

hereinafter referred to as the "Company", or "SILIC", an Indiana domestic stock, life and health insurance company. The examination was conducted at the corporate offices of the Company in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2017, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2413 COMPANY COMPLIANCE 317-232-3495 CONSUMER SERVICES 317-232-2395/1-800-622-4461 FINANCIAL SERVICES 317-232-2390 MEDICAL MALPRACTICE 317-232-2402 COMPANY RECORDS 317-232-5692 STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Georgia Department of Insurance, and covered the period from January 1, 2008 through December 31, 2012. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2013 through December 31, 2017, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

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

The examination of the Utah domestic insurance companies of Equitable Life & Casualty Insurance Company (ELCIC) and Equitable National Life Insurance Company (ENLIC), also referred to as "Equitable Companies", was called by the Utah Insurance Department (UID) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The UID served as the lead state on the examination, and the Indiana Department of Insurance (INDOI) served as a participating state.

Mark Alberts, FSA, MAAA, from Alberts Actuarial Consulting, LLC, provided actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2017.

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

This examination report includes significant findings of fact, as in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

HISTORY

The Company was incorporated under the laws of the state of Florida on July 14, 1978 and commenced business on August 15, 1978. Effective September 21, 2001, the Company merged with Grand Pacific Life Insurance, Ltd., domesticated in the state of Hawaii, with the Company as the surviving corporation. On August 1, 2003, the Company re-domesticated to Georgia and duly incorporated under the laws of the state of Georgia. Puritan Financial Group (PFG), subsequently acquired the Company in November 2012.

The Company was acquired by SILAC, LLC (SILAC), a Delaware limited liability company on August 31, 2015. In connection with the acquisition, the Company re-domiciled from Georgia to Indiana. On April 18, 2017, SILAC contributed 100% of the issued and outstanding shares of the Company to ELCIC in exchange for a \$14,250,000 surplus note.

CAPITAL AND SURPLUS

At December 31, 2017, the Company had 5,000,000 shares authorized with a par value of \$1.00 per share, of which 2,500,000 were issued and outstanding. All issued and outstanding shares of the Company were owned by ELCIC at December 31, 2017.

DIVIDENDS TO STOCKHOLDERS

The Company did not pay any dividends during the examination period.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2017, the Company was licensed to transact business in forty-two (42) states, the District of Columbia, American Samoa, Guam, and the Northern Mariana Islands. At year-end 2017, the Company was not licensed in Connecticut, Michigan, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Wisconsin.

SILIC's current business consists of single premium whole life, combination single premium immediate annuity/10-pay whole life, and fixed annuities. The Company also has a closed block of insurance policies, consisting primarily of Medicare supplement insurance. This business was originated by assuming blocks of reinsurance from other unaffiliated insurance companies. The Company's primary market is middle-America and it sells through PFG, an affiliate of the Company's former parent.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

Year	Admitted Assets	Liabilities	Surplus and Other Funds	Premiums and Annuity Considerations	Net Income/Loss
2017	\$ 54,554,010	\$ 44,800,690	\$ 9,753,320	\$ 28,140,842	\$ (392,771)
2016	32,015,344	22,021,034	9,994,310	17,208,208	(1,468,370)
2015	17,216,826	8,716,139	8,500,687	3,128,936	(85,647)
2014	15,271,110	8,977,774	6,293,336	4,310,050	419,902
2013 ^A	18,333,844	12,093,450	6,240,391	7,089,726	168,482

The Company experienced growth in new business after the acquisition in 2015. The Company's invested assets increased \$14.8 million and \$22.5 million during 2016 and 2017, respectively, primarily due to the increase in premium during those years. Reserves also increased accordingly, causing the noted growth in the liabilities for 2016 and 2017.

The growth in capital and surplus is attributed to the capital contributions made by the parent company in 2015 and 2016, which were also offset by the noted net losses. The Company started selling life and annuity products in 2016 and had net losses for 2016 and 2017 primarily due to new product development and increases in the associated aggregate reserves.

^A The balance includes immaterial rounding differences

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the Board of Directors (Board) shall consist of such a number of members, but not less than five (5), as shareholders may determine. All directors shall be of full age and a majority must be citizens of the United States. The directors shall be elected at each annual meeting of shareholders or at a special meeting called for the purpose of electing directors.

The following is a listing of persons serving as directors at December 31, 2017, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
James Stephen Adams Indianapolis, Indiana	Vice Chairman and Chief Financial Officer Sterling Investors Life Insurance Company
Ngaire Elizabeth Cuneo Naples, Florida	Executive Vice President, Corporate Development Sterling Investors Life Insurance Company
Stephen Calvert Hilbert Carmel, Indiana	Chairman and Chief Executive Officer Sterling Investors Life Insurance Company
Tomisue Spring Hilbert Carmel, Indiana	Private Investor S&T Life Co, LLC
Scott Douglas Matthews Fishers, Indiana	Chief Legal Officer Sterling Investors Life Insurance Company
William Charles Stone Naples, Florida	Chairman and Chief Executive Officer SS&C Technologies

Officers

The Bylaws state that the Board shall elect a President, a Secretary, and a Treasurer and, in its discretion, may elect a Chairman of the Board, one (1) or more Vice Presidents, one (1) or more Assistant Secretaries, one (1) or more Assistant Treasurers, and such other officers as the Board may deem necessary. The Chairman of the Board and the President shall be directors. Each of these officers is elected by the Board and shall hold office for one (1) year or until their respective successors are elected.

The following is a list of key officers and their respective titles as of December 31, 2017:

<u>Name</u>	<u>Office</u>
Stephen Calvert Hilbert	President
James Stephen Adams	Vice Chairman Finance
Scott Douglas Matthews	Senior Vice President, General Counsel & Secretary

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2017.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors listed in the Management and Control section of this Report of Examination have not subscribed to an oath as of December 31, 2017. See the **Other Significant Issues** section of this Report of Examination.

CORPORATE RECORDS

Articles of Incorporation

There was an amendment made to the Articles of Incorporation as of August 31, 2015. The amendment was for the re-domestication of the Company from Georgia to Indiana.

Bylaws

There was an amendment made to the Bylaws as of August 31, 2015. The amendment was for re-domestication of the Company from Georgia to Indiana.

Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. For each year following the Company's re-domestication to Indiana, the annual shareholder meeting was not held within five (5) months after the close of the fiscal year. For a detailed description of this examination finding regarding the timing of the annual meeting of shareholder, refer to the **Other Significant Issues** section of this Report of Examination.

The Company committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Audit Committee, Compliance Committee, Corporate Governance Committee, Investment Committee, and Risk Management Committee.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and affiliates as of December 31, 2017:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
SILAC, LLC		
Equitable Family Insurance Group		
Equitable Life & Casualty Insurance Company	62952	UT
Equitable National Life Insurance Company	91785	UT
Sterling Investors Life Insurance Company	89184	IN

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

Executive Management Agreement

Effective April 18, 2017, SLEMS, LLC (SLEMS), an affiliated Indiana limited liability company, Equitable Companies, SILIC, and other affiliates (collectively, the Service Recipients) entered into an Executive Management Agreement under which SLEMS will provide executive management services, which include strategic planning, evaluate potential mergers and acquisitions, executive management and oversight, accounting and actuarial management, and legal and compliance. SLEMS consultants serve as the executive officers of the Service Recipients.

The Service Recipients collectively compensate SLEMS an annual management fee of \$3.6 million. SLEMS is also entitled to receive additional compensation equal to 1% of the amount by which the value of the combined assets of the Equitable Companies and SILIC exceed the value of combined assets of those insurance entities as reported on their respective Annual Statements for December 31, 2016. Total fees paid to SLEMS will not exceed \$5 million annually. During 2017, the Company compensated SLEMS \$686,584 for the services provided.

Administrative Services Agreement

Effective April 18, 2017, the Company entered into an Administrative Services Agreement with ELCIC and ENLIC, under which ELCIC will provide policy issuance, agency, premium collection and accounting, claims handling, commission accounting, policy owner, legal and compliance, actuarial, and insurance accounting services. ELCIC will invoice ENLIC and the Company for the services provided. No services were provided during 2017.

Consolidated Federal Income Tax Allocation Agreement

Effective April 18, 2017, the Company entered into a Consolidated Federal Income Tax Allocation Agreement with ELCIC and ENLIC under which ELCIC will file a consolidated federal income tax return. Each entity will pay tax owed or receive tax refunds in the same amount that each would have been paid if each had filed separate tax returns.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by National Union Fire Insurance Company of Pittsburg, PA. The bond has a single loss coverage limit of \$1 million with a \$25,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force at December 31, 2017, including, but not limited to, blanket accident, commercial auto, corporate counsel liability, counterfeit currency, cyber risk, directors and officer's liability, employee benefits plan fiduciary, employment practices, general liability, mortgage errors and omissions, umbrella liability, and workers compensation.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company has no defined benefit plans, defined contribution plans, and multiemployer plans. The Company does not participate in a consolidated/holding company plan. The Company has no unaccrued obligation for postemployment benefits.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits at December 31, 2017:

State	Book Value	Fair Value
For All Policyholders:		
Arkansas	\$ 74,702	\$ 78,142
Florida	1,474,037	1,482,116
Georgia	367,318	373,912
Indiana	1,608,288	1,664,856
Kentucky	27,089	27,089
Massachusetts	107,084	104,582
Missouri	652,407	647,568
New Mexico	210,228	209,448
North Carolina	407,480	410,516
Ohio	102,797	103,728
South Carolina	258,553	258,793
Tennessee	31,056	31,081
Virginia	224,756	227,803
Guam	50,207	50,207
Northern Mariana Islands	39,260	39,260
Total Deposits	<u>\$ 5,635,262</u>	<u>\$ 5,709,101</u>

REINSURANCE

Ceded Reinsurance

The Company cedes life and annuity business to various unaffiliated insurers under reinsurance agreements.

For the “Old Sterling” block of business (primarily life, universal life, and annuity business), the Company cedes 90% to Hannover Life Reassurance Company of America (Hannover Life Re). There is a small portion of facultative reinsurance, and the remainder is subject to 90% Quota Share treaty with Hannover Life Re.

For the “Grand Pac” block of business (assumption reinsurance for policies written in Hawaii and the Pacific Rim – primarily life, universal life, and annuity business), the Company cedes 100% to Hannover Life Re.

For the Medicare Supplement (Med Supp) block of business, there are two (2) significant quota share treaties. For the older Med Supp plans (1990 standardized plan and prior), these policies are ceded 75% to Hannover Life Re (for specific states) and Mutual of Omaha (for specific states). In 2010, the Med Supp standardized plan was changed and this block of business is ceded 90% to Mutual of Omaha.

The new life and annuity products written in 2016 and 2017 are reinsured with Optimum Re Insurance Company.

Assumed Reinsurance

The Company assumes a minimal amount of renewal life business from Sagicor Life Insurance Company (formerly American Founders Life Insurance Company) under an agreement effective October 4, 1991. This business is subsequently ceded to Hannover Life Re.

ACCOUNTS AND RECORDS

The Company’s accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company’s general ledger for the years ended December 31, 2016 and December 31, 2017, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2013 through December 31, 2017, were agreed to each year’s independent audit report without material exception. The Company’s accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

STERLING INVESTORS LIFE INSURANCE COMPANY

Assets

As of December 31, 2017

	<u>Per Examination*</u>
Bonds	\$ 45,851,783
Cash, cash equivalents and short-term investments	5,195,461
Contract loans	804
Derivatives	248,350
Other invested assets	183,788
Subtotals, cash and invested assets	<u>51,480,186</u>
Investment income due and accrued	542,266
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	4,570
Deferred premiums agents' balances and installments booked but deferred and not yet due	23,713
Reinsurance:	
Amounts recoverable from reinsurers	1,042,937
Other amounts receivable under reinsurance contracts	163,943
Net deferred tax asset	905,446
Guaranty funds receivable or on deposit	118,643
Electronic data processing equipment and software	6,567
Receivables from parent, subsidiaries and affiliates	20,941
Aggregate write-ins for other than invested assets	244,798
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>54,554,010</u>
Total	<u>\$ 54,554,010</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

STERLING INVESTORS LIFE INSURANCE COMPANY
Liabilities, Surplus and Other Funds
As of December 31, 2017

	<u>Per Examination*</u>
Aggregate reserve for life contracts	\$ 37,816,354
Aggregate reserve for accident and health contracts	1,720,366
Liability for deposit-type contexts	2,159,460
Contract claims:	
Life	98,732
Accident and health	212,000
Provision for policyholders' dividend and coupons payable in the following calendar year – estimated amounts:	
Dividends apportioned for payment	2,000
Premiums and annuity considerations for life and accident and health contracts received in advance less discount; including accident and health premiums	6,382
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance, including assumed and ceded	1,782,120
Interest maintenance reserve	53,083
Commissions to agents due or accrued-life and annuity contracts accident and health and deposit-type contract funds	33,253
General expenses due or accrued	152,725
Taxes, licenses and feeds due or accrued, excluding federal income taxes	220,776
Remittances and items not allocated	19,694
Miscellaneous liabilities:	
Asset valuation reserve	272,848
Payable for securities	880
Aggregate write-ins for liabilities	250,017
Total liabilities excluding Separate Accounts business	<u>44,800,690</u>
Total liabilities	<u>44,800,690</u>
Common capital stock	2,500,000
Gross paid in and contributed surplus	8,800,395
Unassigned funds (surplus)	(1,547,075)
Surplus	<u>7,253,320</u>
Totals	<u>9,753,320</u>
Totals	<u>\$ 54,554,010</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

STERLING INVESTORS LIFE INSURANCE COMPANY
Statement of Income
For the Year Ended December 31, 2017

	<u>Per Examination*</u>
Premiums and annuity considerations for life and accident and health contracts	\$ 28,140,842
Net investment income	1,506,043
Amortization of Interest Maintenance Reserve	32,113
Commissions and expense allowances on reinsurance ceded	1,525,790
Miscellaneous Income:	
Aggregate write-ins for miscellaneous income	12,058
Total	<u>31,216,846</u>
Death benefits	214,474
Matured endowments	77,969
Annuity benefits	714,874
Disability benefits and benefits under accident and health contracts	1,115,547
Surrender benefits and withdrawals for life contracts	214,191
Interest and adjustments on contract or deposit-type contract funds	58,689
Payments on supplementary contracts with life contingencies	538,225
Increase in aggregate reserves for life and accident and health contracts	23,520,152
Totals	<u>26,454,121</u>
Commissions on premiums, annuity considerations, and deposit-type contract funds	2,706,164
General insurance expenses	1,951,519
Insurance taxes, licenses and fees, excluding federal income taxes	528,740
Increase in loading on deferred and uncollected premiums	(7,787)
Aggregate write-ins for deductions	3,719
Totals	<u>31,636,476</u>
Net gain from operations before dividends to policyholders and federal income taxes	(419,630)
Dividends to policyholders	1,077
Net gain from operations after dividends to policyholders and before federal income taxes	<u>(420,707)</u>
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	(420,707)
Net realized capital gains (losses) less capital gains tax	27,936
Net income	<u>\$ (392,771)</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

STERLING INVESTORS LIFE INSURANCE COMPANY
Capital and Surplus Account Reconciliation

	2017	2016	2015	2014	2013
Capital and surplus, December 31, prior year	\$ 9,994,310	\$ 8,500,687	\$ 6,293,315	\$ 6,240,392	\$ 6,469,256
Net income (loss)	(392,771)	(1,468,370)	(85,647)	419,902	168,482
Change in net unrealized capital gains(losses)					
less capital gains tax	98,691	10,016	318	-	-
Change in net unrealized foreign exchange capital gain (loss)	2,708	4,467	(3,112)	-	-
Change in net deferred income tax	(1,101,455)	506,523	(463,333)	(12,221)	46,388
Change in nonadmitted assets	1,366,455	(733,375)	1,378,882	(99,913)	(454,428)
Change in asset valuation reserve	(214,620)	(44,498)	3,432	31,439	10,694
Capital changes:					
Paid in	-	3,218,860	1,376,832	-	-
Transferred to surplus	-	(3,218,860)	(6,483,297)	-	-
Surplus adjustment:					
Paid in	-	3,218,860	6,483,297	-	-
Aggregate write-ins for gains and losses in surplus	-	-	-	(286,284)	-
Net change in capital and surplus for the year	(240,992)	1,493,623	2,207,372	52,923	(228,864)
Capital and surplus, December 31, current year ^A	<u>\$ 9,753,318</u>	<u>\$ 9,994,310</u>	<u>\$ 8,500,687</u>	<u>\$ 6,293,315</u>	<u>\$ 6,240,392</u>

^A The balance includes immaterial rounding differences

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2017, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors had not signed an Oath of Office statement. It is recommended that every director take and subscribe to an Oath of Office at the time of annual election to the Board.

IC 27-1-7-7(b) stipulates that annual meeting of shareholders shall be held within five (5) months after the close of each fiscal year. The Company's Bylaws also state that they should be held within the first five (5) months of each year. It was determined that the Company did not hold the shareholder meetings within the prescribed timeline for year-end 2016 and 2017. It is recommended that the Company hold its annual shareholder meeting within five (5) months after the close of each fiscal year to comply with IC 27-1-7-7(b). Prior to the conclusion of the current examination the Company began holding its shareholder meetings within five (5) months after the close of the fiscal year to comply with IC 27-1-7-7(b).

SUBSEQUENT EVENTS

Effective February 1, 2019, the state of Delaware approved the conversion of SILAC from a Delaware limited liability company to a Delaware Corporation pursuant to Section 265 of the Delaware General Corporation Law. The name as set forth in its Certificate of Incorporation, is SILAC, Inc.

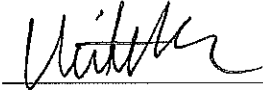
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Alberts Actuarial Consulting, LLC, performed an examination of Sterling Investors Life Insurance Company, as of December 31, 2017.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

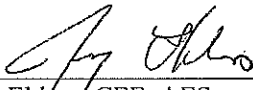
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of Sterling Investors Life Insurance Company as of December 31, 2017, as determined by the undersigned.



Vitaliy Kyryk, CFE
Noble Consulting Services, Inc.

Under the Supervision of:



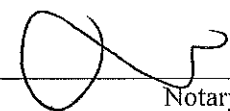
Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 31 day of May, 2019, before me personally appeared, Vitaliy Kyryk and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: July 4, 2019



Notary Public

