

REPORT OF EXAMINATION
OF THE
ALL SAVERS LIFE INSURANCE COMPANY
OF CALIFORNIA
AS OF
DECEMBER 31, 2012

A handwritten signature in black ink that reads "Dave Jones". The signature is written in a cursive style with a large, looping "D" and "J".

Insurance Commissioner

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San Francisco, California
January 28, 2014

Honorable Dave Jones
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 also referred to as the Company) at its home office located at 7440 Woodland Drive, Indianapolis, Indiana 46278.

SCOPE OF EXAMINATION

The previous examination of the Company was made as of December 31, 2007. This examination covers the period from January 1, 2008 through December 31, 2012. The examination was conducted in accordance with the National Association of Insurance Commissioners' Financial Condition Examiners Handbook. The Handbook requires the planning and performance of the examination to evaluate the Company's financial condition, to identify prospective risks, and to obtain information about the Company, including corporate governance, identification and assessment of inherent risks, and the evaluation of the system controls and procedures used to mitigate those risks. The examination also included an assessment of the principles used and the significant estimates made by management, as well as an evaluation of the overall financial statement presentation, and management's compliance with Statutory Accounting Principles and Annual Statement instructions. All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

This examination is part of a coordinated examination for the UnitedHealth Group Incorporated (UHG) companies, with the Connecticut Insurance Department being the lead regulator for UHG, and the Texas Department of Insurance being the coordinating state.

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), Unimerica Insurance Company (Wisconsin), and Midwest Security Life Insurance Company (Wisconsin). The Indiana Department of Insurance served as the facilitating state for subgroup #3 companies.

In addition to those items specifically commented upon in this report, other phases of the Company's operations were reviewed including the following areas that require no further comment: corporate records; fidelity bonds and other insurance; pensions, stock ownership and insurance plans; and accounts and records.

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. The Company has not written any premium since its inception.

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, 2012, there were 30,000 shares outstanding.

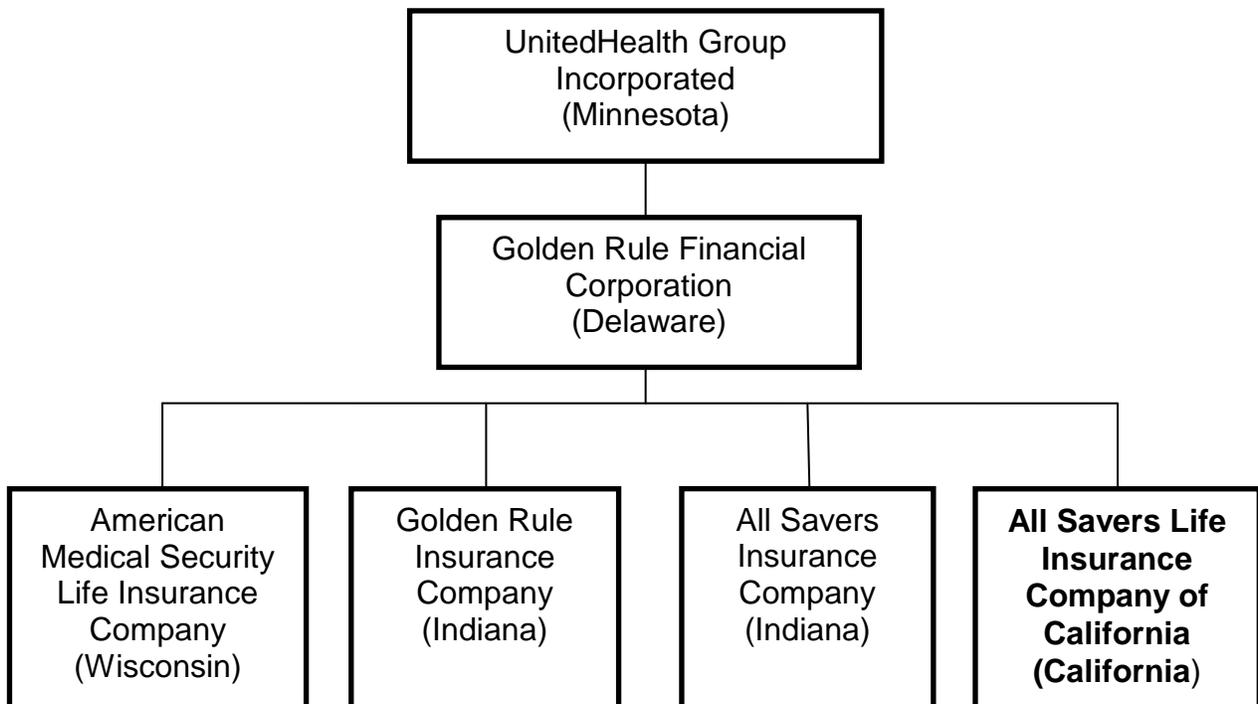
Dividends Paid to Parent

In November 2012, the Company declared and paid an ordinary dividend of \$1.1 million to its parent and properly notified the California Department of Insurance (CDI) in accordance with California Insurance Code (CIC) Section 1215.4(f).

In December 2013, the Company declared and paid an ordinary dividend of \$1.0 million to its parent and properly notified the CDI in accordance with CIC Section 1215.4(f).

MANAGEMENT AND CONTROL

The Company is a member of an insurance holding company system, in which United Health Group Incorporated (UHG) is the ultimate controlling entity. The following abridged organizational chart is limited to the entities the Company had interrelationship with during the examination period within the holding company system (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, 2012:

Directors

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Patrick F. Carr Indianapolis, Indiana	Chairman of the Board, President, and Chief Executive Officer United Healthcare Individual Line Business
Michael L. Corne Indianapolis, Indiana	Vice President, Regulatory Affairs United Healthcare Employer and Individual Central Region
Julie A. Van Straten Green Bay, Wisconsin	Secretary, Vice President, and General Counsel, Attorney United Healthcare Employer and Individual

Principal Officers

<u>Name</u>	<u>Title</u>
Patrick F. Carr	Chairman of the Board, President, and Chief Executive Officer
Brian L. Davis	Vice President and Chief Financial Officer
Julie A. Van Straten	Secretary
Robert W. Oberrender	Treasurer

Intercompany Agreements

Management and Consulting Agreement: As of December 31, 2012, the Company had a Management and Consulting Agreement with its affiliate, Golden Rule Insurance Company (GRIC). Under this agreement, GRIC performs certain management and consulting services, administrative services, actuarial services, and accounting services in connection with the Company's insurance business. The Company pays GRIC an amount equal to GRIC's expenses incurred to provide such services. Under the terms of the agreement, the Company incurred net expenses for the years 2008, 2009, 2010, 2011, and 2012 totaling \$5,981, \$5,981, \$6,275, \$6,528, and \$6,762, respectively. The agreement was approved by the California Department of Insurance (CDI) on March 27, 2003.

Coordination and Consulting Agreement: As of December 31, 2012, the Company had a Coordination and Consulting Agreement regarding investment advisory services with GRIC. Under this agreement, GRIC provides the Company administrative support and coordination of investment advisory services received by the Company from a third party investment advisor. The Company pays GRIC an amount equal to GRIC's actual expenses related to the performance of these services. Under the terms of this agreement, the Company did not incur any expenses during the examination. The agreement was approved by the CDI on April 3, 2003.

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 will pay fees to UHS equal to UHS's actual expenses for services or use of assets. The agreement was approved by the CDI on December 10, 2013. This agreement terminates and replaces the two aforementioned agreements.

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 has not written any business since it was licensed by California in 1985. However, the Company plans to write small group products in California beginning in 2014.

REINSURANCE

The Company has not assumed or ceded any reinsurance.

FINANCIAL STATEMENTS

The financial statements prepared for this examination report include:

Statement of Financial Condition as of December 31, 2012

Summary of Operations and Capital and Surplus Account
for the Year Ended December 31, 2012

Reconciliation of Capital and Surplus from December 31, 2007
through December 31, 2012

Statement of Financial Condition
as of December 31, 2012

<u>Assets</u>	<u>Ledger Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>	<u>Note</u>
Bonds	\$ 1,633,364		\$ 1,633,364	
Cash and short-term investments	9,039,596		9,039,596	
Investment income due and accrued	<u>34,119</u>		<u>34,119</u>	
Total assets	<u>\$10,707,080</u>		<u>\$10,707,080</u>	
 <u>Liabilities, Surplus and Other Funds</u>				
Interest maintenance reserve			70,068	
Taxes, licenses and fees due and accrued			38,450	
Current federal income taxes			64	
Payable to parent, subsidiaries and affiliates			<u>564</u>	
Total liabilities			109,146	
Common capital stock		\$2,520,000		
Gross paid-in and contributed surplus		2,657,840		
Unassigned funds (surplus)		<u>5,420,094</u>		
Surplus as regards policyholders			<u>10,597,934</u>	
Total liabilities, surplus and other funds			<u>\$10,707,080</u>	

Summary of Operation and Capital and Surplus Account
for the Year Ended December 31, 2012

Statement of Income

Premiums and annuity considerations	\$ 0
Net investment income	91,817
Amortization of Interest maintenance reserve	<u>9,100</u>
Total	<u>100,917</u>
General insurance expenses	6,700
Insurance taxes, licenses and fees, excluding federal income taxes	<u>19,219</u>
Total	<u>25,919</u>
Net gain from operations before federal income taxes	74,997
Federal income taxes incurred	<u>23,064</u>
Net income	<u>\$ 51,933</u>

Capital and Surplus Account

Capital and surplus, December 31, 2011	\$ 11,646,000
Net income	\$ 51,933
Dividends to stockholders	<u>(1,100,000)</u>
Net change in capital and surplus for the year	<u>(1,048,067)</u>
Capital and surplus, December 31, 2012	<u>\$ 10,597,934</u>

Reconciliation of Capital and Surplus
from December 31, 2007 through December 31, 2012

Capital and surplus, December 31, 2007 per Examination				\$ 11,269,076
	Gain in Surplus	Loss in Surplus		
	<u> </u>	<u> </u>		
Net Income	\$ 424,794	\$		
Change in asset valuation reserve	4,064			
Dividends to Stockholders	<u> </u>	<u>1,100,000</u>		
 Total gains and losses	 <u>\$ 428,858</u>	 <u>\$ 1,100,000</u>		
 Net decrease in surplus as regards policyholders				 <u>671,142</u>
 Capital and surplus, December 31, 2012 per Examination				 <u>\$ 10,597,934</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

Current Report of Examination

None.

Prior Report of Examination

None.

ACKNOWLEDGEMENT

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

Respectfully submitted,



Kyo Chu, CFE
Examiner-In-Charge
Senior Insurance Examiner, Supervisor
Department of Insurance
State of California