



# NC DEPARTMENT of INSURANCE

MIKE CAUSEY, COMMISSIONER

COMPANY SERVICES GROUP  
FINANCIAL EXAMINATION DIVISION

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I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused the Report on Examination of SECU Life Insurance Company as of December 31, 2023 with the original on file at this Department and find the same to be a correct copy of the whole said original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this the 7th day of January 2025.



Mike Causey  
Commissioner of Insurance

Monique D. Smith, CPA, CFE, CIA  
Deputy Commissioner  
Financial Examination Division

**SECU Life Insurance Company**

Raleigh, North Carolina

**Report on Examination**

As of December 31, 2023

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December 9, 2024

Honorable Mike Causey  
Commissioner of Insurance  
State of North Carolina  
Raleigh, North Carolina

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-2-131 of the General Statutes of North Carolina (“GS”), the North Carolina Department of Insurance (“Department”) conducted an examination of the records, business affairs and financial condition of

### **SECU Life Insurance Company**

(hereinafter referred to as the “Company”), acknowledging that its main administrative office and statutory home office are located at 119 North Salisbury Street, Floor 10, Raleigh, North Carolina 27603. The following report on examination is respectfully submitted.

### **SCOPE OF THE EXAMINATION**

We performed a full-scope statutory examination of the Company. This examination covers the period from January 1, 2019, to December 31, 2023, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. The Department’s most recent prior examination of the Company was as of December 31, 2018.

The purpose of this examination is to assess the financial condition and controls of the Company and set forth findings of fact (together with citations of pertinent laws, regulations, and rules) with regard to any material adverse findings disclosed by the examination.

We conducted our examination in accordance with auditing standards established by the Department and the National Association of Insurance Commissioners (“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.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process and the following key functional activities were identified:

Capital and Surplus  
Investments  
Related Party  
Reserves/Claims Handling  
Underwriting

This may include assessing significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with GS Chapter 58 and evaluating management's compliance with statutory accounting principles. This 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 from the Company's financial statements.

This examination report includes significant findings of fact 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 the Company.

The Company's Annual Statements, work papers, and the independent audit work papers were reviewed and relied upon whenever possible. A trial balance reconciliation of the Annual Statement was performed, as were a verification of ownership and valuation of assets, determination of liabilities and reserves, and an analysis and review of such accounts and records as deemed necessary by the examination team. A management representation letter attesting to the Company's ownership of assets, the nonexistence of unrecorded liabilities and contingent liabilities was received from Company management.

The books and records of the Company are audited annually by independent certified public accountants in accordance with GS § 58-10-185(a). Johnson Lambert LLP of Raleigh, North Carolina, the designated independent public accountant of the Company, issued an unmodified opinion for each year subsequent to the Department's prior examination through, and including, the year ended December 31, 2023.

## REPORT ACRONYMS

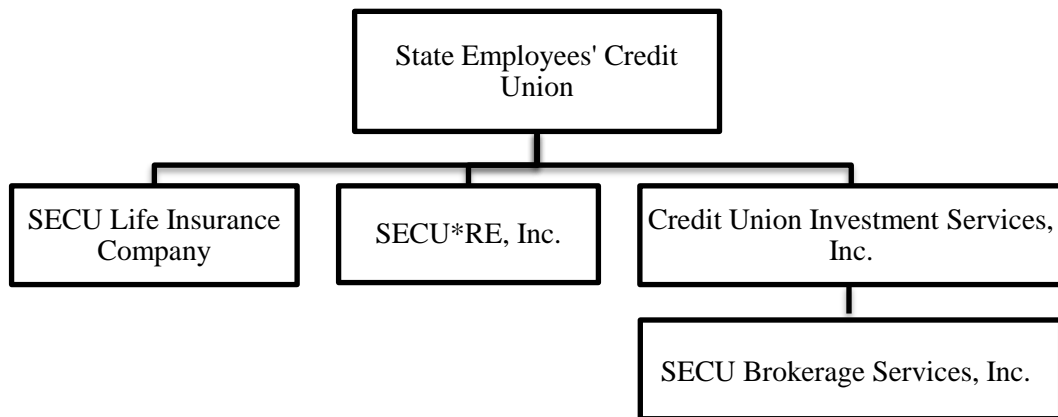
Asset Valuation Reserve	“AVR”
Automated Clearing House Network	“ACH”
Board of Directors	“Board”
Financial Condition Examiners Handbook	“Handbook”
General Statutes of North Carolina	“GS”
Information Technology Planning Questionnaire	“ITPQ”
IT General Controls	“ITGCs”
North Carolina Department of Insurance	“Department”
National Association of Insurance Commissioners	“NAIC”
SECU Life Insurance Company	“Company”
State Employees’ Credit Union	“SECU”

## ORGANIZATIONAL STRUCTURE

The Company is part of an insurance holding company system as defined in GS § 58-19 and is wholly owned by the State Employees’ Credit Union (“SECU”). SECU is a member-owned, non-profit financial cooperative organized under the laws of the State of North Carolina. SECU wholly owns SECU\*RE, Inc., a North Carolina Corporation that provides property management services, and Credit Union Investment Services, Inc., an investment advisor registered with the state of North Carolina, which wholly owns SECU Brokerage Services, Inc., a registered broker dealer.

### ORGANIZATIONAL CHART

The Company’s 2023 Annual Statement Schedule Y contains the following organizational chart of the Company within the holding company group:



## COMPANY HISTORY

The Company was incorporated on October 4, 2012, and became a licensed stock life insurance company on January 1, 2013. SECU invested \$25,000,000 to capitalize the Company in exchange for 250,000 shares of \$10 par value common stock, and the Company commenced business on January 2, 2013.

### CAPITAL STOCK

As of December 31, 2023, the Company's capitalization consisted of the following:

Description	Value
Number of authorized common capital shares	1,000,000
Number of shares issued and outstanding	250,000
Total common capital stock	\$2,500,000
Par value per share	\$10.00

No additional shares were issued during the period under examination.

At December 31, 2023, the Company reported \$22,500,000 in gross paid-in and contributed surplus and \$8,451,356 in unassigned funds.

### DIVIDENDS TO STOCKHOLDER

Dividends on common stock are paid as declared by the Board of Directors ("Board") of the Company. Under the insurance regulations of North Carolina, the maximum amount of ordinary dividends which the Company may pay to shareholders is limited to the greater of 10% of the most recent year-end policyholders' surplus or net income (excluding realized capital gains) earned for that same year-end. Any amounts in excess of this are considered extraordinary. The Company paid no dividends during the examination period.

## MANAGEMENT AND CONTROL

### CORPORATE GOVERNANCE

#### Shareholders

The bylaws of the Company provide that an annual meeting of the shareholders be held at such time and place as the Board may appoint. Special meetings of the shareholders may be called at any time by the president, secretary or the Board.

## **Board of Directors**

The business of the Company is conducted by its management team and subject to review by the Board. The bylaws specify that the number of directors shall be not less than three (3) and not more than nine (9). Directors are elected annually, at the annual meeting of shareholders, and each director elected shall hold office until death, resignation, retirement, removal, disqualification or until a successor is elected and qualified.

The following individuals served as directors as of December 31, 2023:

<b>Name</b>	<b>Location</b>	<b>Principal Occupation</b>
Leigh Brady	Raleigh, NC	Chief Executive Office and President, SECU
Jennifer Hamrick	Raleigh, NC	Chief Operations Officer, SECU
Jared Benesh	Raleigh, NC	Executive Vice President – Member Experience, SECU
Lee Chalk	Raleigh, NC	Executive Vice President and Director – Digital Strategy and Delivery, SECU

The Board established an Audit Committee and Investment Committee to act on behalf of the Company.

The following individuals served on the Board’s established committees as of December 31, 2023:

### **Audit Committee**

Leigh Brady  
Jennifer Hamrick  
Jared Benesh  
Lee Chalk

### **Investment Committee**

Leigh Brady  
Rex Spivey  
Stacey Waddell  
John Whaley  
Matthew Hamilton

## **Officers**

The bylaws provide that the Board will elect the officers of the Company. The officers of the Company consist of a president, a secretary, a treasurer, and any other officers deemed necessary by the Board. All officers shall hold office until death, resignation, retirement, removal, disqualification, or until a successor has been appointed. Any two or more offices may be held simultaneously by the same person, but no person may act in more than one capacity where action of two or more officers is required.

The following individuals served as officers of the Company as of December 31, 2023:

<b>Name</b>	<b>Title</b>
Stacey Waddell	President and Chief Executive Officer
Rex Spivey	Treasurer and Chief Financial Officer
John Whaley	Secretary and Chief Operations Officer



## **CODE OF CONDUCT AND CONFLICT OF INTEREST**

The Company has an established policy and procedure to identify existing or potential conflicts of interest and to report the same to the Board. Annually, the Company requires a signed statement from each director and officer disclosing any conflict of interest. A review of the signed conflict of interest statements for the examination period revealed that the Company acted in accordance with its policies and procedures for disclosure of conflicts of interest.

## **CORPORATE RECORDS**

We reviewed the minutes of the meetings of the Board and its committees for the period under examination. Based on our review, it appears that the minutes documented the Company's significant transactions and events, and that the directors approved these transactions and events.

The Company's articles of incorporation and bylaws were reviewed for any changes during the period under examination. No changes were noted regarding the Company's articles of incorporation or bylaws during the examination period.

## **STATUTORY DEPOSITS**

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. At December 31, 2023, the Company maintained a statutory deposit in North Carolina totaling \$660,114.

## **ACCOUNTS AND RECORDS**

The Company's books and records are maintained at the main administrative office at 119 North Salisbury Street, Floor 10, Raleigh, North Carolina 27603.

## **INFORMATION TECHNOLOGY CONTROLS**

The Department performed a risk-based assessment and review of SECU's IT General Controls ("ITGCs") in accordance with the NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of SECU's ITGCs were derived from Exhibit C Part 1 - Information Technology Planning Questionnaire ("ITPQ") and Exhibit C Part 2 - Information Technology Work Program (collectively, Exhibit C). SECU's responses to the ITPQ were evaluated, and certain controls within the IT control environment were tested to assess whether the selected controls were designed effectively and were functioning properly.

The Department's objectives were to obtain reasonable assurance about whether:

- a. SECU had a process in place to effectively identify, mitigate and manage its IT risks;
- b. SECU control structure, policies and procedures were suitably designed to achieve the control objectives specified in Exhibit C; and
- c. SECU was complying with those policies and procedures.

The objectives above were achieved through a combination of reviewing SECU's policies and procedures, testing in key areas related to Exhibit C, interviewing SECU IT management, reviewing IT risk assessment processes, and leveraging relevant risk assessment procedures performed by Johnson Lambert, LLP and SECU's Corporate Audit Department.

Based upon the risk-based assessment and review, SECU's ITGCs were determined to be effective.

## **FIDELITY BONDS**

At December 31, 2023, the Company had fidelity bond coverage totaling \$2,000,000 in aggregate, which exceeded the minimum amount of coverage recommended by the Handbook.

## **EMPLOYEE BENEFITS AND PENSION PLANS**

The Company has no direct employees and operations are conducted by SECU pursuant to a management agreement. The Company has no legal obligation for employee benefits.

## **RELATED PARTY AGREEMENTS**

The Company relies on its parent, SECU, and affiliates for all significant Company operations through the following agreements:

- a. The Company has a Management Agreement with SECU, effective April 29, 2013, whereby SECU and the Company share certain expenses allocated for the services and goods provided to the Company, including employees, office facilities, and software. Under this agreement, the Company reimbursed SECU for expenses totaling \$2,287,977 and \$2,002,796 in 2023 and 2022, respectively.
- b. The Company has a General Agency Agreement with SECU, effective January 16, 2013, whereby the Company appoints SECU's subagents as agents of the Company for the purpose of marketing and selling life insurance and annuity contracts. In exchange for the services provided, the Company pays SECU a commission for all life and annuity policies written on its behalf. Under this agreement, the Company paid commissions totaling \$618,585 and \$934,661 to SECU in 2023 and 2022, respectively.
- c. The Company has a Custodial Agreement with SECU Brokerage Services, Inc., effective August 21, 2013, whereby SECU Brokerage Services, Inc., an affiliate, acts as the introducing broker and Pershing, LLC, an independent third-party, acts as the custodian to the agreement. Pursuant to this agreement, SECU Brokerage Services, Inc. serves as the agent for the Company in relation to purchases and sales of securities with Pershing, LLC and the fees charged by Pershing, LLC are passed through to the Company for payment.
- d. The Company has a Mortgage Loan Purchase Agreement with SECU, effective January 17, 2014, whereby the Company purchases mortgage loans originated and owned by SECU, at par, up to the statutory limit as defined in GS 58-7-170(c). As compensation for performing all customary servicing functions for the mortgage loans, SECU retains 1/12 of 0.25 percent of the outstanding

principal balance on a monthly basis in addition to any customary late charges and other fees actually collected. Under this agreement, SECU’s total compensation was \$97,013 in 2023.

- e. The Company has an Automated Clearing House Network (“ACH”) Agreement with SECU, effective June 4, 2014, whereby the Company initiates credit and/or debit entries through SECU to accounts maintained at SECU and in other depository institutions by means of ACH. Under this agreement, no fees are charged or paid.

## **TERRITORY AND PLAN OF OPERATION**

The Company is licensed to write life insurance and annuities only in the State of North Carolina. The Company writes group life, individual life, deferred annuities, and immediate annuities and distributes its products through licensed agencies located in SECU branch offices.

### **TRENDS OF THE COMPANY**

The following data, obtained from annual statements filed with the Department, illustrates the trends of the Company for the five-year period ended December 31, 2023:

<b>Year</b>	<b>Net Admitted Assets</b>	<b>Capital and Surplus</b>	<b>Gross Premiums Written</b>	<b>Net Earned Premiums</b>	<b>Net Income</b>
2023	\$106,083,791	\$33,451,356	\$17,272,224	\$17,272,224	\$2,434,728
2022	\$101,796,438	\$32,403,660	\$34,716,271	\$34,716,271	\$1,446,950
2021	\$75,695,750	\$32,226,481	\$14,196,043	\$14,196,043	\$593,056
2020	\$69,210,114	\$31,863,810	\$10,855,265	\$10,855,265	\$1,465,581
2019	\$62,996,074	\$29,950,433	\$15,894,279	\$15,894,279	\$833,426

### **ACTUARIAL OPINION**

Every life insurance company doing business in this State shall annually submit the opinion of an appointed actuary in accordance with GS § 58-58-50.

The statutory reserves and related items for 2023 were reviewed and certified by the Company’s Appointed Actuary, Edward Mire, F.S.A. of Rudd and Wisdom, Inc. Consulting Actuaries. Actuarial opinions regarding the Company’s reserves for life and annuity contracts were issued by an appointed actuary for all years in the examination period. The appointed actuary evaluated the data provided by the Company for reasonableness and consistency of the reserves for life and annuity contracts. According to the actuarial opinions, the Company’s reserves met the requirements of the insurance laws of North Carolina; were consistent with reserves computed in accordance with accepted actuarial standards and principles; and made a reasonable provision for all actuarial reserves of the Company.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2023. The supporting exhibits present the information required to be included, in conformity with reporting practices prescribed by the Department. The financial statements and supporting schedules as of December 31, 2022, are unexamined and are presented for comparative purposes only.

**SECU Life Insurance Company**  
**Statutory Statement of Admitted Assets**  
**December 31, 2023**

	<b>2023</b>	<b>2022</b> <i>(unexamined)</i>
Bonds	\$61,491,796	\$57,329,752
Mortgage loans on real estate	38,779,535	36,606,334
Cash and short-term investments	3,473,294	2,425,836
Receivable for securities	-	2,000,000
<b>Total cash and invested assets</b>	<b>103,744,625</b>	<b>98,361,922</b>
Investment income due and accrued	284,118	272,573
Uncollected premiums and agents' balances in the course of collection	48,970	49,605
Premiums and agents' balances booked, and installments booked but deferred and not yet due	17,981	14,146
Net deferred tax asset	992,904	2,153,910
Receivable from parent, subsidiaries, and affiliates	995,193	944,282
<b>Total admitted assets</b>	<b>\$106,083,791</b>	<b>\$101,796,438</b>

**SECU Life Insurance Company**  
**Statutory Statement of Liabilities, Capital and Surplus**  
**December 31, 2023**

	<b>2023</b>	<b>2022</b> <i>(unexamined)</i>
Aggregate reserve for life contracts	\$69,054,884	\$65,312,638
Liability for deposit-type contracts	2,348,725	2,130,811
Life contract claims	825,319	1,216,520
Premiums and annuity considerations for life and accident and health contracts received in advance	15,300	339,268
General expenses due or accrued	79,500	69,295
Taxes, licenses and fees due or accrued	27,371	27,629
Current federal and foreign income taxes	45,803	31,785
Amounts withheld or retained by reporting entity as agent or trustee	16,021	6,336
Asset valuation reserve	178,386	168,635
Payable to parent, subsidiaries and affiliates	41,126	89,861
<b>Total liabilities</b>	<b>72,632,435</b>	<b>69,392,778</b>
Common capital stock	2,500,000	2,500,000
Gross paid in and contributed surplus	22,500,000	22,500,000
Unassigned funds	8,451,356	7,403,660
<b>Total capital and surplus</b>	<b>33,451,356</b>	<b>32,403,660</b>
<b>Total liabilities, capital and surplus</b>	<b>\$106,083,791</b>	<b>\$101,796,438</b>

**SECU Life Insurance Company**  
**Statutory Statement of Operations**  
**December 31, 2023**

	<b>2023</b>	<b>2022</b> <i>(unexamined)</i>
<b>Revenues</b>		
Premiums and annuity considerations for life and accident and health contracts	\$17,272,224	\$34,716,271
Net investment income	3,579,641	2,415,333
Total revenues	20,851,865	37,131,604
<b>Deductions</b>		
Death benefits	3,608,583	3,100,647
Annuity benefits	764,826	1,150,031
Surrender benefits and withdrawals for life contracts	5,162,887	1,403,736
Interest and adjustments on contract or deposit-type contract funds	116,551	82,560
Increase in aggregate reserves for life and accident and health contracts	3,742,247	25,098,892
Total deductions	13,395,094	30,835,866
<b>Expenses and other deductions</b>		
Commissions on premiums, annuity considerations, and deposit-type contract funds	618,585	934,661
General insurance expenses and fraternal expenses	3,329,231	2,592,749
Insurance taxes, licenses and fees, excluding federal income taxes	274,023	269,742
Increase in loading on deferred and uncollected premiums	1,680	799
Total expenses and other deductions	17,618,613	34,633,817
<b>Net gain from operations before dividends to policyholders, refunds to members and federal income taxes</b>	<b>3,233,252</b>	<b>2,497,787</b>
Federal income taxes incurred	798,524	1,050,837
<b>Net gain from operations after dividends to policyholders, refunds to members and federal income taxes</b>	<b>2,434,728</b>	<b>1,446,950</b>
<b>Net income</b>	<b>\$2,434,728</b>	<b>\$1,446,950</b>

**SECU Life Insurance Company**  
**Statutory Statement of Capital and Surplus**  
**December 31, 2023**

	<b>2023</b>	<b>2022</b> <i>(unexamined)</i>
<b>Capital and surplus, beginning of year</b>	<b>\$32,403,660</b>	<b>\$32,226,481</b>
Net income	2,434,728	1,446,950
Change in net unrealized capital gains or (losses)	636,855	(1,867,051)
Change in net deferred income tax	114,356	532,636
Change in non-admitted assets	(2,128,492)	(2,711)
Change in asset valuation reserve	(9,751)	67,355
<b>Net change in capital and surplus</b>	<b>1,047,696</b>	<b>177,179</b>
<b>Capital and surplus, end of year</b>	<b>\$33,451,356</b>	<b>\$32,403,660</b>



**SECU Life Insurance Company**  
**Statutory Statement of Cash Flow**  
**December 31, 2023**

	<b>2023</b>	<b>2022</b> <i>(unexamined)</i>
<b>Cash from (used by) operations</b>		
Premiums collected net of reinsurance	\$16,943,376	\$35,034,669
Net investment income	3,364,565	2,393,338
Total	20,307,941	37,428,007
Benefit and loss related payments	10,044,049	5,521,760
Commissions, expenses paid and aggregate write-ins for deductions	4,211,892	3,796,649
Federal income taxes paid	784,505	864,561
Total	15,040,446	10,182,970
<b>Net cash from (used by) operations</b>	<b>5,267,495</b>	<b>27,245,037</b>
<b>Cash from (used by) investments</b>		
Bonds	3,000,000	5,000,000
Mortgage loans	8,186,471	8,032,572
Miscellaneous Proceeds	2,000,000	-
Total Proceeds from investments sold, matured, or repaid	13,186,471	13,032,572
Cost of investment acquired		
Bonds	6,152,368	24,323,149
Mortgage loans	10,359,672	16,766,101
Miscellaneous applications	-	2,000,000
Total investments acquired	16,512,040	43,089,250
<b>Net cash from (used by) investments</b>	<b>(3,325,569)</b>	<b>(30,056,678)</b>
<b>Cash from (used by) financing and miscellaneous sources</b>		
Net deposits on deposit-type contracts and other insurance liabilities	217,914	275,067
Other cash provided (applied)	(1,112,382)	(38,519)
<b>Net cash from (used by) financing and miscellaneous sources</b>	<b>(894,468)</b>	<b>236,548</b>
<b>Reconciliation of cash and short-term investment</b>		
Net change in cash and short-term investments	1,047,458	(2,575,093)
Cash and short-term investments, beginning of year	2,425,836	5,000,929
Cash and short-term investments, end of year	<b>\$3,473,294</b>	<b>\$2,425,836</b>

## COMMENTS ON FINANCIAL STATEMENTS

### **Basis of Presentation and Summary of Significant Accounting Policies:**

The accompanying financial statements have been prepared on the basis of the accounting practices prescribed or permitted by the Department.

The more significant accounting policies followed by the Company are as follows:

**Bonds:** Carried at amortized cost using the scientific method. Bonds with lower credit ratings are carried at the lower of amortized cost or NAIC market value. Bonds not backed by other loans are stated at amortized cost using the scientific method.

**Mortgage Loans:** Mortgage loans on real estate are reported at the balance of unpaid principal less valuation allowance and non-admitted other than first liens.

**Cash and short-term investments:** Carried at amortized cost (which approximates fair value) and includes money market instruments and debt securities with maturities of less than one year.

**Premiums:** Life insurance premiums are recognized as income over the premium paying period. Annuity considerations are recognized as revenue when received.

**Asset valuation reserve:** An Asset Valuation Reserve (“AVR”) is maintained as prescribed by the NAIC. The AVR is a liability established to absorb losses and protect surplus against fluctuations in the market value of investments and is recorded through charges and credits directly to surplus.

**Non-admitted assets:** Certain assets, such as premiums over 90 days past due, excess of book value over market value for securities, and prepaid expenses, are “non-admitted” and are charges against surplus.

**Loan-backed securities:** Stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities.

**Policy Reserves:** Life and annuity policy reserves are developed by actuarial methods and are intended to provide, in the aggregate, reserves that are greater than, or equal to, the minimum or guaranteed policy cash values or the amounts required by law. Deposit-type reserves are computed as deposits net of withdrawals, plus amounts credited based on contract specifications, less contract fees and charges assessed. The liabilities for unpaid claims is based upon estimates of payments to be made for claims incurred that have been reported and unreported.

### **Analysis of Assets:**

The Company reported the following assets as non-admitted at December 31, 2023: 1) net deferred tax assets totaling \$1,106,071; 2) electronic data processing equipment and software totaling \$985,005; and 3) prepaid expenses totaling \$60,703.

### **Summary of Reserves:**

The following provides a detailed summary of the Company's reserves at year-end:

<b>Aggregate Reserve for Life Contracts</b>	<b>2023</b>	<b>2022</b>
Ordinary life contracts:		
Whole life insurance	\$10,604,959	\$7,864,426
Term life insurance	9,820,259	8,627,172
Total ordinary life contracts	20,425,218	16,491,598
Ordinary annuities		
Fixed annuities	38,918,456	40,805,772
Life contingent payout (immediate)	9,711,210	8,015,268
Total ordinary annuities	48,629,666	48,821,040
<b>Aggregate reserves for life contracts at December 31</b>	<b>\$69,054,884</b>	<b>\$65,312,638</b>

<b>Liability for Deposit Type Contracts</b>	<b>2023</b>	<b>2022</b>
Liability for deposit type contracts at January 1	\$2,130,811	\$1,855,744
Deposits received during the year	585,000	475,742
Investment earnings credited to the account	65,445	57,164
Other net change in reserves	51,106	118,427
Net surrender or withdrawal payments	483,637	376,266
<b>Liability for deposit type contracts at December 31</b>	<b>\$2,348,725</b>	<b>\$2,130,811</b>

<b>Life Contract Claims</b>	<b>2023</b>	<b>2022</b>
Life insurance	\$578,415	\$979,858
Annuities	116,460	141,317
Incurred but not reported claims:		
Life insurance	127,005	85,481
Annuities	3,439	9,864
<b>Total life contract claims at December 31</b>	<b>\$825,319</b>	<b>\$1,216,520</b>

## **Capital and Surplus:**

The following, in conjunction with the Statutory Statement of Capital and Surplus, represents the changes in the Company's capital and surplus since the Department's last examination as of December 31, 2018:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Capital and surplus, beginning of year</b>	<b>\$31,863,810</b>	<b>\$29,950,433</b>	<b>\$28,781,189</b>
Capital and surplus increases (decreases):			
Net income	593,056	1,465,581	833,426
Change in net unrealized capital gain (loss)	(300,228)	370,256	49,079
Change in net deferred income tax	163,498	113,549	326,833
Change in non-admitted assets	(5,647)	(659)	(1,872)
Change in asset valuation reserve	(88,008)	(35,350)	(38,222)
<b>Change in surplus as regards policyholders for the year</b>	<b>362,671</b>	<b>1,913,377</b>	<b>1,169,244</b>
<b>Capital and surplus, end of year</b>	<b>\$32,226,481</b>	<b>\$31,863,810</b>	<b>\$29,950,433</b>

## **SUBSEQUENT EVENTS**

On September 27, 2024, Hurricane Helene passed through western North Carolina, resulting in significant damage throughout the region. The Company holds mortgages on properties located in the affected area; however, the full extent of any financial impact is not determinable at this time.

**SECU Life Insurance Company**  
**DISTRIBUTION OF REPORT ON EXAMINATION**  
**December 31, 2023**

John Whaley, Chief Operating Officer  
119 North Salisbury Street  
Raleigh, North Carolina 27603

Leigh Brady, Board Chair  
119 North Salisbury Street  
Raleigh, North Carolina 27603

Stacey Waddell, President & Chief Executive Officer  
119 North Salisbury Street  
Raleigh, North Carolina 27603

Rex Spivey, Chief Financial Officer  
119 North Salisbury Street  
Raleigh, North Carolina 27603

Tenesha Carter, Associate Executive Vice President – Financial Advisory Services  
119 North Salisbury Street  
Raleigh, North Carolina 27603

Peter Simms, Chief Compliance Officer  
119 North Salisbury Street  
Raleigh, North Carolina 27603

Daniel Morris, Senior Vice President – External and Regulatory Audit  
119 North Salisbury Street  
Raleigh, North Carolina 27603

## CONCLUSION

The examination procedures, described, herein, revealed no material adverse findings or adjustments to surplus.

We conclude that the Company complies with the minimum capital and surplus requirements of GS § 58-7-75 for the kinds of insurance that the Company has been authorized to write, which is \$750,000.

The courteous cooperation and assistance extended by the officers and employees of the Company during the examination is hereby acknowledged.

Respectfully submitted,



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Monique D. Smith, CPA, CFE, CIA  
Deputy Commissioner  
North Carolina Department of Insurance

December 9, 2024

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Tonneta Drummond, North Carolina Department of Insurance, being first, duly sworn, deposes and says that this report on examination, subscribed by him, is true and correct to the best of his knowledge and belief.

Signature: Tonneta Drummond Date: 12/9/24

Sworn and subscribed before me this 9 day of December, 2024.

Notary Public Signature: Jessica N Vaughan Notary Public Seal:

**JESSICA N VAUGHAN**  
Notary Public, North Carolina  
Wake County  
My Commission Expires  
December 08, 2026