

**STATE OF NORTH DAKOTA
BISMARCK, NORTH DAKOTA**

REPORT OF EXAMINATION

OF

**US ALLIANCE LIFE AND
SECURITY COMPANY**

BISMARCK, NORTH DAKOTA

**AS OF
DECEMBER 31, 2024**

STATE OF NORTH DAKOTA
INSURANCE DEPARTMENT

I, the undersigned, Insurance Commissioner of the State of North Dakota do hereby certify that I have compared the annexed copy of the Report of Examination of the

US Alliance Life and Security Company

Bismarck, North Dakota

as of December 31, 2024, with the original on file in this Department and that the same is a correct transcript therefrom and of the whole of said original.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City of Bismarck, this 21 day of April, 2026.



Jon Godfread
Insurance Commissioner

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Bismarck, North Dakota
 March 23, 2026

Honorable Jon Godfread
 Insurance Commissioner
 North Dakota Insurance and Securities Department
 600 East Boulevard Avenue
 Bismarck, ND 58505

Dear Commissioner:

Pursuant to your instructions and statutory requirements, an examination was made of the books, records and financial condition of

US Alliance Life and Security Company

Bismarck, North Dakota

US Alliance Life and Security Company ("USALSC"), hereinafter referred to as the "Company," was last examined as of December 31, 2019, by the North Dakota Insurance and Securities Department, hereinafter referred to as the "Department".

EXECUTIVE SUMMARY

This report presents the findings of the financial examination of US Alliance Life and Security Company as of December 31, 2024, covering the period from January 1, 2020 to December 31, 2024.

Financial Condition

Total Admitted Assets	\$124,113,938
Total Liabilities	\$115,704,052
Surplus and Other Funds	\$8,409,886

Key Findings

Prior Examination Findings	1 Resolved, 1 Again Recommended
New Findings This Examination	7
Total Current Recommendations	9

Overall Assessment

The Department conducted a risk-focused financial condition examination of USALSC, covering the five-year period ending December 31, 2024. The examination assessed the Company's financial condition, corporate governance, statutory compliance, and risk management practices in accordance with state laws and NAIC Financial Condition Examiners Handbook guidelines. No examination adjustments were required. The examination identified nine recommendations pertaining to governance, affiliated transactions, investment oversight, and regulatory compliance, including repeated findings related to succession planning, intercompany expense allocation, and capital management. Overall, the Company demonstrated adequate financial condition, though continued attention to the identified recommendations is warranted to ensure regulatory compliance and to prevent material deterioration of surplus.

SCOPE OF STATUTORY EXAMINATION

This examination was a risk-focused financial condition examination conducted in accordance with North Dakota Century Code (“N.D.C.C.”) § 26.1-03-19.3 and observed guidelines and procedures contained in the National Association of Insurance Commissioners (“NAIC”) *Financial Condition Examiners Handbook*. The examination was conducted to assess the Company's financial condition, compliance with statutory regulations, corporate governance practices, current and future risks, and evaluate the system controls and procedures implemented to mitigate these risks. Additionally, the review focused on identifying and assessing significant risks that could materially misstate the insurer's surplus, both presently and in the future, through a comprehensive review of the Company's insurance operations. This statutory examination covers the period from January 1, 2020, to December 31, 2024, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this statutory examination.

All company accounts and activities were reviewed using the risk-focused examination process, which may involve assessing management's significant estimates and compliance with Statutory Accounting Principles.

The examination does not attest to the fair presentation of the financial statements included herein. Management prepared these statements and is responsible for them. Any adjustments found during the examination will be documented separately after the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in the N.D.C.C. § 26.1-03-19.3, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but are separately communicated to other regulators and/or the Company.

This was a coordinated multi-state examination. The following state insurance departments participated:

State	Role
North Dakota	Lead State
Montana	Participating State

STATUS OF PRIOR EXAM FINDINGS

This examination included a review to determine the current status of the exception conditions commented upon in the preceding Report on Examination which covered the period from January 1, 2016 to December 31, 2019. The status of each prior finding is summarized below:

Recommendation	Response	Status
Additionally, the Company shall correct the above issue by following SSAP No. 3, Paragraph 10, and report a debit to unassigned surplus and a credit to gross paid In and contributed surplus both in the amount of \$307,308.62 to correct the error	The Company reduced surplus by \$307,308.62 in the 2021 Q3 Quarterly Statements	Resolved

and properly report this in its next quarterly or annual statement, whichever is filed first.		
The Company shall immediately follow the requirements of SSAP No. 25 and SSAP No. 72.	Following the prior recommendation, the Company conducted an expense study to properly track and allocate expenses between companies. However, subsequent mergers between affiliated companies have rendered the prior expense study obsolete, and no updated study has been completed since. The Company remains out of compliance with SSAP No. 25 and SSAP No. 72	Again Recommended

The Department determined that the Company had satisfactorily addressed one of the two prior findings; one finding was again recommended in this examination.

SUBSEQUENT EVENTS

No material subsequent events were noted.

HISTORY

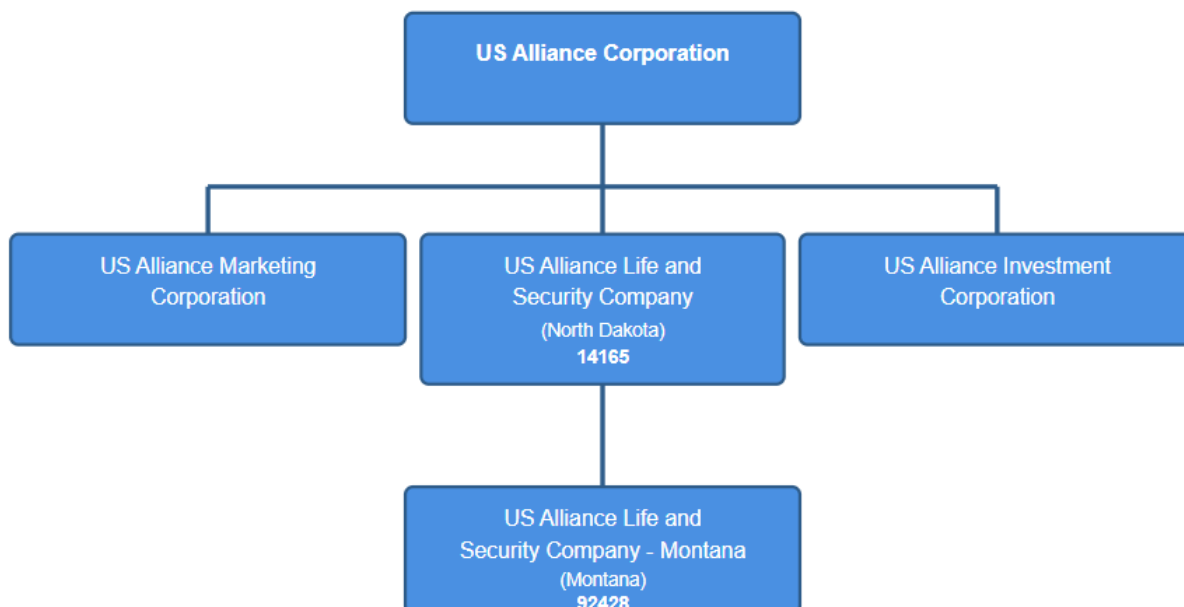
US Alliance Corporation (“USAC”) was formed in 2009 to raise capital to fund an insurance subsidiary, US Alliance Life and Security Company (“USALSC”). USALSC was incorporated in Kansas on July 22, 2011 as a for-profit stock life insurance company that is licensed to write life, health, and annuity products and is 100% owned by USAC.

USALSC acquired Dakota Capital Life Insurance Company (“DCLIC”), a North Dakota domiciled life insurance company on August 1, 2017, following USAC’s merger with Northern Plains Capital Corporation, DCLIC’s parent company. On December 14, 2018, USALSC acquired control of Great Western Life Insurance Company (“Great Western”), a Montana domiciled life insurance company. Subsequent to the acquisition, Great Western was renamed US Alliance Life and Security Company – Montana (“USALSC-MT”). On September 18, 2023, USALSC redomesticated from Kansas to North Dakota and merged with DCLIC, effective December 31, 2023. USALSC was the surviving entity. As of December 31, 2024, USALSC was authorized to conduct business in 18 states. USALSC currently sells life, annuity, and group products.

MANAGEMENT AND CONTROL

Holding Company System

The Company is a member of a holding company system. The relationship of the Company to its parent, subsidiaries, and affiliates at December 31, 2024, is shown in the following organizational chart:



Board of Directors

The Bylaws state that the membership sets the number of directors annually, with a minimum of 3 and a maximum of 15; a simple majority constitutes a quorum.

Directors serving as of December 31, 2024 were as follows:

Name	City, State	Term Expires	Occupation
Jack H. Brier	Topeka, KS	2026	President & CEO US Alliance Corp
William Graves	Wellington, FL	2026	Retired CEO, former Kansas governor
James Poolman	Bismarck, ND	2026	Consultant, Former Insurance Commissioner
John Helms	Lawrence, KS	2026	Retired CPA Partner
Juliann Mazachek	Topeka, KS	2026	Washburn University of Topeka President

Officers

Officers are elected at the organizational meeting of the Board of Directors by a majority vote for a period of one year. Officers serving at December 31, 2024 were as follows:

Officer	Title
Jack Brier	CEO, Chairman, President
Jeff Brown	COO, Treasurer, Executive Vice President

While reviewing succession plans it was noted that the Company only has a formal plan for CEO Jack Brier but does not have a formal one for the COO Jeff Brown, or other key positions.

It is again recommended that the Company develop board-approved succession plans for all key positions

Committees

Below are each of the committees along with the Directors serving as of December 31, 2024:

Director	Audit	Executive	Investment	Compensation	Nominating
John Helms	X	X	X	X	X
James Poolman	X			X	X
William Graves	X	X		X	X
Jack Brier	X	X	X		X
Juliann Mazachek	X			X	X

CORPORATE RECORDS

Articles of Incorporation and Bylaws

Articles of Incorporation Changes:

- Jurisdictional Shift: From Kansas (2019) to North Dakota (2023)
- Capital Stock: Increased number of common shares from 20 million to 100 million (2023)
- Internal Regulation: Describes Indemnification, capital compliance, and governance.
- Registered Agent: Registered agent of Corporation is Search Company of ND LLC. (2023)
- Fiscal Year: Added fiscal year end of December 31st of each year. (2023)
- Principle Executive Office: Added office address (2023)

Bylaw Changes:

- Jurisdictional Shift: From Kansas (2019) to North Dakota (2023)
- Shareholder Rights: Lower threshold for special meetings (10% vs. 50%)
- Board Governance: Expanded director conduct standards in 2023
- Annual Meeting: Changed date guidelines for annual shareholder meeting (2023)
- Capital Stock: More detailed issuance and valuation rules in 2023
- Regulatory Reporting: 10-day deadline in 2023 vs. 30-day in 2019
- Emergency Bylaws: Explicitly authorized in 2023

Board of Directors and Committee Minutes

The minutes of the meetings held by the membership and directors during the years under examination were reviewed for compliance with the Articles of Incorporation, Bylaws, and statutory requirements.

During the examination period, the Board of Directors meeting minutes did not clearly indicate that an analysis of investment holdings was conducted at least annually to ensure that investments were made in accordance with delegations, standards, limitations, and objectives of the written investment policy.

It is recommended that the Board complies with the requirements of N.D. Admin Code §45-03-12-05(3).

During the examination period, the Board of Directors meeting minutes did not clearly indicate that an analysis of investment holdings was conducted at least quarterly to ensure that

investments were made in accordance with delegations, standards, limitations, and objectives of the written investment policy.

It is recommended that the Board complies with the requirements of N.D. Admin Code §45-03-12-05(4)(a).

During the examination period, the Board of Directors meeting minutes did not clearly indicate that the Board reviews the written investment policy on a quarterly basis.

It is recommended that the Board review and revise, as appropriate, the investment plan quarterly to comply with the requirements of N.D. Admin Code § 45-03-12-05(4)(b).

Shareholder Annual Meeting

The Bylaws provide that the annual meeting of the Company shall be held on a day and time other than a legal holiday to be determined annually by the President of the corporation. During the period under examination the annual meetings of the membership were held on the following dates:

Monday, June 1, 2020 at 9:00 a.m.
Monday, June 7, 2021 at 9:00 a.m.
Monday, June 6, 2022 at 9:00 a.m.
Monday, June 5, 2023 at 9:00 a.m.
Monday, June 3, 2024 at 9:00 a.m.

AFFILIATED TRANSACTIONS

Management Agreement

USALSC has a Management Services Agreement with USAC. The Agreement, effective January 2, 2012, was entered into prior to the Company becoming a member of the holding company system. Under the agreement, USAC provides the following direct expenses: policy administration, executive/strategic, human resources, policy accounting, customer service, information technology, sales and marketing services, underwriting expenses, and other direct costs paid on behalf of the Company.

During the examination the Company stated that there is no time log used to track time of USAC employees spent between USAC, USALSC, and USALSC-MT. It was recommended during the last examination that the Company conduct an expense time study, which they did, but have not completed another one since the Dakota Capital merger, which would have a large impact on the time study.

It is again recommended that the Company conduct an expense time study to ensure that costs allocated under intercompany agreements are compliant with SSAP 70 requirements.

Review of intercompany cash flows revealed a pattern of non-specific, round-dollar transfers from the Company to its affiliate, USAC.

It is again recommended that USAC and USALSC establish documents that follow the capital contribution accounting required under N.D.C.C. § 26.1-10-05, SSAP 25, and SSAP 70.

USALSC-MT Management Agreement

Effective June 1, 2019, the Company entered into an Insurance Services Agreement with USALSC-MT. The Company provides the following services: policy administration, policy accounting, and customer service. The Company will be responsible for the day-to-day operations of USALSC-MT. Payment is due on the last working day of each month and payable on or before the 10th of the following month.

Tax Allocation Agreement

The Company entered into a Tax Allocation Agreement with its parent, and USALSC – MT, effective for the 2018 calendar year-end. The consolidated tax liability is allocated to members using the “immediate payment method”. All settlements are due within thirty (30) days of the filing of the estimated or actual consolidated federal income tax return with the Internal Revenue Service (“IRS”), except where a refund is due USALSC, in which case, it may defer payment to the member(s) to within thirty (30) days upon receipt of the refund.

Investment Management Agreement

The Company receives investment management services from its affiliate, US Alliance Investment Corporation (“USAIC”), under an Investment Management Services Agreement, effective August 1, 2012. Pursuant to the Agreement, USAIC makes all investment decisions in accordance with the investment restrictions and guidelines contained in the Agreement. USAIC also provides investment accounting services and assists in preparing the Company’s statutory investment schedules for its quarterly and annual financial statements. Compensation is based on the percentage of the value of all assets managed as of the last trading day of each calendar month and is to be paid quarterly.

Marketing Management Agreement

The Company receives marketing services from its affiliate, US Alliance Marketing Corporation (“USAMC”) under a Marketing Contract, effective April 3, 2013. The contract provides that USAMC will solicit applications for insurance and submit those applications to the Company for approval or rejection and will collect the initial payments due on such applications.

RBC Agreement

Effective August 31, 2017, the Company is a party to a Risk Based Capital Agreement with USAC, whereby, USAC will provide capital to the Company so that its RBC Ratio is in excess of 350%.

Rental Agreement

Effective January 1, 2021, Dakota Capital Life entered into a lease agreement with its affiliate, USAC. Following the merger, the Company assumed ownership of the real estate asset, with USAC remaining as a tenant.

Examination review revealed that USAC’s rental payments are 97% below the market rate established by third-party tenants in the same facility

It is recommended that the Company charge USAC a "fair and reasonable" rate for rental of space of its home office to ensure compliance with SSAP 25 and NDCC 26.1-10-05.

During the review of real estate operations, it was determined that USALSC failed to record an occupancy charge for its own use of the property.

It is recommended that the Company establish a procedure to determine the fair market rental value of its owner-occupied space and record imputed rent in accordance with SSAP No. 40R.

OPERATING AGREEMENTS

Unclaimed Property Procedures

The Company maintains a formal unclaimed property policy designed to comply with the North Dakota Revised Uniform Unclaimed Property Act and the Unclaimed Life Insurance Benefits Act. The internal control structure mandates periodic comparisons of the Company's in-force policy records against the Social Security Administration's Death Master File to proactively identify potential deceased insureds. Upon identification of a potential match, the Company initiates a documented due diligence process to confirm the death of the insured, determine if benefits are contractually due, and make a good faith effort to locate and contact the designated beneficiary.

Custody and Safekeeping Agreement

The custody agreement was signed in 2013, and the safekeeping agreement was signed in 2017, both through Capital City Bank. Both of these agreements still reference Kansas state law and do not contain all of the provisions required by N.D. Admin. Code § 45-03-23.

It is recommended that the Company updates their custody and security agreement to comply with NDAC 45-03-23.

CONFLICT OF INTEREST

The Company's conflict of interest policy and annual conflict disclosures were reviewed for the period under examination. Disclosures and mitigation plans appeared appropriate. No material undisclosed conflicts were identified during the examination.

INSURANCE COVERAGE

Fidelity Bond

At December 31, 2024, the Company was protected against fraudulent or dishonest acts of its employees by a crime and insurance policy. The bond insures the Company and affiliates up to \$2,000,000 for employee theft and \$1,000,000 for forgery and computer fraud, which is in compliance with the NAIC suggested minimum amount of fidelity insurance.

Directors and Officers Liability

The policy provides a combined \$1,000,000 Aggregate Limit of Liability across three coverage sections: Directors and Officers (\$50,000 retention), Professional Liability (\$50,000 retention), and Employment Practices Liability (\$100,000 retention).

The Company has other types of coverage including: cyber, electronic equipment, and commercial auto.

TERRITORY AND PLAN OF OPERATION

At December 31, 2024, the Company was licensed to conduct business in 18 states: Alabama, Arizona, Idaho, Kansas, Kentucky, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Texas, Utah, and Wyoming.

Ordinary life and individual annuity policies comprised 77 percent of all direct premiums written by the Company in 2024. Nearly all direct premiums were written in Kansas and North Dakota.

SIGNIFICANT OPERATING RESULTS

Growth

The following exhibit reflects the growth of the Company over the 5-year period ending December 31, 2024.

	2024	2023	2022*	2021*	2020*
Admitted Assets	\$124,113,938	\$118,213,234	\$112,225,736	\$106,359,001	\$102,104,885
Total Liabilities	\$115,704,052	\$110,526,267	\$105,686,529	\$98,981,469	\$95,807,805
Paid in Capital	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Surplus	\$7,409,886	\$6,686,967	\$5,569,207	\$6,377,532	\$5,297,080
Net Premiums Written	\$21,434,396	\$19,848,624	\$17,128,259	\$17,554,519	\$56,343,855
Underwriting Deductions	\$28,146,183	\$25,148,567	\$24,393,931	\$21,070,348	\$62,692,303
Net Investment Income	\$7,763,247	\$6,111,896	\$3,207,271	\$1,320,547	\$1,536,018
Net Income	\$756,216	\$563,244	\$(2,046,924)	\$792,738	\$(1,960,666)

*The Company merged with DCLIC effective in 2023. To ensure the Five-Year Historical Data remains a "like-for-like" comparison, the financial totals for 2020 through 2022 of the Company and DCLIC have been materially consolidated.

REINSURANCE

The following table summarizes the Company's reinsurance contracts in force on December 31, 2024:

Type	Reinsurer	Coverage / Scope	Retention
Excess	Optimum Re	Simplified Issue Term Life	\$25,000
Excess	GenRe	Traditional Term Life	25,000
Excess	Optimum Re	Frontier 10 & 20 Pay Whole Life	35,000
25% Quota Share	GenRe	Group Life*	100,000
25% Quota Share	GenRe	Group AD&D*	25,000
90% Quota Share	GenRe	Group Life "Code 3"*	45,000
90% Quota Share	GenRe	Group AD&D "Code 3"*	45,000
10% Quota Share	Hartford Group Reinsurance Plus**	Group STD & LTD	STD: \$350 a week LTD: \$1,500 a month
50% Quota Share	GenRe	Critical Illness	25,000

*GenRe also provides catastrophic coverage in the event of a single event impacting three or more covered lives

** US Alliance retains 10% of the risk with a maximum per claim exposure of \$1,500

All contracts may be terminated by either party with written notice as specified in each agreement. The contracts contained all the clauses required by the NAIC's Accounting Practices and Procedures Manual.

ACCOUNTS AND RECORDS

The Company's accounting procedures, internal controls, and transaction cycles were reviewed during the course of the examination and a trial balance as of December 31, 2024, was obtained and traced to the appropriate schedules of the Company's 2024 Annual Statement.

The Company is audited annually by an outside firm of independent certified public accountants. The work papers of this firm were made available to the Examiners and were used to the extent deemed appropriate for this examination.

FINANCIAL STATEMENTS

The following pages present a Statement of Assets, Statement of Liabilities, Surplus, and Other Funds as of December 31, 2024, a Statement of Income for 2024, and a Reconciliation of Capital and Surplus changes for the full examination period.

These financial statements are based on the statutory financial statements filed by the Company with the North Dakota Insurance and Securities Department and present the financial condition of the Company for the period ending December 31, 2024. 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.

US Alliance Life and Security Company

Statement of Assets
As of December 31, 2024

	Assets	Non-Admitted	Net Admitted
ASSETS			
Bonds	\$78,249,673		\$78,249,673
Preferred stocks	2,017,577		2,017,577
Common stocks	2,039,005		2,039,005
Mortgage loans on real estate	25,248,434		25,248,434
Properties held for production of income	1,452,262		1,452,262
Properties held for sale	210,000		210,000
Cash, cash equivalents and short-term investments	8,352,972		8,352,972
Contract loans	31,745		31,745
Other invested assets	1,146,208		1,146,208
Receivables for securities			
Subtotal, cash and invested assets	\$118,747,876		\$118,747,876
Investment income due and accrued	923,087		923,087
Uncollected premiums and agents' balances	315,007	\$5,885	309,122
Deferred premiums, agents' balances - not yet due	350,177		350,177
Amounts recoverable from reinsurers	400,727		400,727
Funds held by or deposited with reinsured companies	1,188,123		1,188,123
Other amounts recoverable under reinsurance contracts	237,930		237,930
Current federal and foreign income tax recoverable	130,360		130,360
Net deferred tax asset	2,064,888	924,484	1,140,404
Receivables from parent, subsidiaries and affiliates	7,650		7,650
Aggregate write-ins for other than invested assets	678,482		678,482
TOTAL ASSETS	\$125,044,307	\$930,369	\$124,113,938

US Alliance Life and Security Company
Statement of Liabilities, Surplus and Other Funds
As of December 31, 2024

LIABILITIES

Aggregate reserve for life contracts	\$110,750,514
Aggregate reserve for accident and health contracts	674
Liability for deposit-type contracts	136,310
Contract claims	613,288
Premiums and annuity considerations for life and accident and health contracts received in advance less discount	248,749
Other amounts payable on reinsurance ceded	219,173
Commissions to agents due or accrued	14,198
Commissions and expense allowances payable on reinsurance assumed	48,342
General expenses due or accrued	660,693
Taxes, licenses and fees	45,044
Amounts withheld or retained by reporting entity as agent or trustee	28,763
Remittances and items not allocated	(28,410)
Borrowed money and interest thereon	1,250,000
Asset Valuation Reserve	1,160,425
Payable to parent, subsidiaries and affiliates	519,544
Payable for securities	36,745
Total Liabilities	\$115,704,052

SURPLUS AND OTHER FUNDS

Common capital stock	\$ 1,000,000
Surplus notes	1,680,000
Gross paid in and contributed surplus	12,565,032
Unassigned funds (surplus)	(6,835,146)
Total Surplus and Other Funds	\$ 8,409,886

TOTAL LIABILITIES, SURPLUS AND OTHER FUNDS	\$124,113,938
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US Alliance Life and Security Company

Statement of Income
For the Year Ending 2024

Premiums and annuities for life/accident/health contracts	\$21,434,396	
Net Investment Income	7,763,247	
Amortization of Interest Maintenance Reserve	(9,738)	
Commissions/expense allowances on reinsurance ceded	28,809	
Miscellaneous Income	(142,254)	
Totals		<u>\$29,074,460</u>
Death benefits	4,009,077	
Annuity benefits	7,046,400	
Disability benefits and benefits under accident and health contracts	4,258,652	
Surrender benefits/withdrawals for life contracts	765,196	
Interest/adjustments on contract/deposit-type contract funds	3,051	
Increase in aggregate reserves for life contracts	5,341,450	
Commissions on premiums/annuities/deposit contract funds	867,963	
Commission and expense allowances on reinsurance assumed	1,442,178	
General insurance expenses	4,095,833	
Insurance taxes, licenses/fees, excluding federal income taxes	319,423	
Increase in loading on deferred/uncollected premiums	(3,040)	
Total		<u>28,146,183</u>
Net gain before dividends/taxes and capital gains (losses)	928,277	
Federal and foreign income taxes incurred	38,766	
Net gain after dividends/taxes but before capital gains (losses)	889,511	
Net realized capital gains (losses)	(133,295)	
Net Income		<u>\$756,216</u>

US Alliance Life and Security Company

Reconciliation of Capital and Surplus
December 31, 2019 through December 31, 2024

	2024	2023	2022*	2021*	2020*
Capital and Surplus December 31, prior year	\$7,686,967	\$6,539,207	\$7,377,532	\$6,297,080	\$5,831,153
<i>Net income or (loss)</i>	\$756,216	\$563,244	\$(2,046,924)	\$792,738	\$(1,960,666)
<i>Change in net unrealized capital gains or (losses)</i>	\$56,006	\$446,490	\$(731,269)	\$331,252	\$(705,110)
<i>Change in net deferred income tax</i>	\$(302,121)	\$136,480	\$443,822	\$180,893	\$606,357
<i>Change in nonadmitted assets</i>	\$472,005	\$541,746	\$373,961	\$(165,789)	\$(1,103,439)
<i>Change in asset valuation reserve</i>	\$(259,187)	\$(540,200)	\$422,086	\$(58,642)	\$82,563
<i>Cumulative effect of changes in accounting principles</i>			\$(307,310)		
<i>Surplus Adjustment - Paid In</i>			\$1,007,309		3,546,222
Net change in capital and surplus	\$722,919	\$1,147,760	\$(838,325)	\$1,080,452	\$465,927
Capital and Surplus December 31, current year	\$8,409,886	\$7,686,967	\$6,539,207	\$7,377,532	\$6,297,080

CONCLUSION

The financial condition of US Alliance Life and Security Company, Bismarck, North Dakota, as determined by this examination is summarized as follows:

TOTAL ADMITTED ASSETS		<u><u>\$124,113,938</u></u>
Liabilities	\$115,704,052	
Surplus and Other Funds	<u>8,409,886</u>	
TOTAL LIABILITIES AND SURPLUS		<u><u>\$124,113,938</u></u>

During the 5-year period under examination, admitted assets increased by \$22,009,053, liabilities increased by \$19,896,247, and surplus to policyholders increased by \$2,112,806.

ACKNOWLEDGMENT

The assistance and cooperation of the officers and employees of the Company is hereby acknowledged.

Name	Title	Designation
Cole Mork	Examiner-in-Charge	
Colton Schulz	Chief Examiner	CFE, CISA, CRISC, CFE (FRAUD)
Vasilis Keisoglou	Actuarial Examiner – INS Companies	ASA, MAAA
Frank Edwards	Actuarial Reviewer – INS Companies	ASA, MAAA

Respectfully submitted,



Cole Mork
 Examiner-in-Charge
 North Dakota Insurance and Securities Department

COMMENTS AND RECOMMENDATIONS

It is again recommended that the Company develop board-approved succession plans for all key positions.

It is recommended that the Board complies with the requirements of N.D. Admin Code §45-03-12-05(3).

It is recommended that the Board complies with the requirements of N.D. Admin Code §45-03-12-05(4)(a).

It is recommended that the Board review and revise, as appropriate, the investment plan quarterly to comply with the requirements of N.D. Admin Code § 45-03-12-05(4)(b).

It is again recommended that the Company conduct an expense time study to ensure that costs allocated under intercompany agreements are compliant with SSAP 70 requirements.

It is again recommended that USAC and USALSC establish documents that follow the capital contribution accounting required under N.D.C.C. § 26.1-10-05, SSAP 25, and SSAP 70.

It is recommended that the Company charge USAC a "fair and reasonable" rate for rental of space of its home office to ensure compliance with SSAP 25 and NDCC 26.1-10-05.

It is recommended that the Company establish a procedure to determine the fair market rental value of its owner-occupied space and record imputed rent in accordance with SSAP No. 40R.

It is recommended that the Company updates their custody and security agreement to comply with NDAC 45-03-23.