



COMPANION LIFE *Annual Report* || YEAR 2018

soar

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1: to sail in the air often at a great height : GLIDE 2: to rise or
increase dramatically 3: to ascend to a higher or exalted level
4: to rise to majestic stature — **soar-er** \sôr-er\
soar



Companion Life



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Last year, change brought us new opportunities and, in turn, progression. That forward momentum helped us rise to the next level and allowed us and our customers to thrive. But our success doesn't stop there. We are still growing together.

Our products empower our policyholders to ascend, while flexibility keeps us agile. Relationships with our agents and group administrators make us strong. We've learned from our experience and built a team that can help us meet our potential. Our reach is expansive, and the possibilities are nearly boundless. The sky is the limit.

We are poised to spread our wings and take flight with our partners. We're ready to soar.



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letter

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Thanks to everyone 2018 was another successful year for Companion Life, but in many ways, it was also one of challenge and continued transition. Strategically, we continue to expand our national footprint in Accident and Health (A&H) and ancillary product lines; our employer stop loss portfolio has grown to more than \$500 million. We have also made an investment in additional senior-level resources that will allow us to expand our ancillary product offerings into the medium and large employer market and cross-sell these products with our A&H portfolio, including employer stop loss.

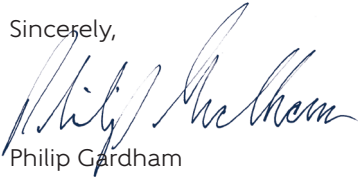
We completed the year at just under \$950 million in earned premium using Companion Life, Niagara Life & Health (NY and CT) and Companion Life of California (CA), and we are hopeful we will hit the billion dollar milestone in 2019 as we continue to fly higher.

We are a financially strong company, having just had our A.M. Best rating of A+ affirmed for the 17th straight year. This is an incredible accomplishment, but what has always made the difference – and will continue to make the difference – are the people at Companion and the relationships we have all established over the last few decades.

We will strive to improve and to be the best at what we do.

As you all are aware, earlier this year I announced my plans to retire in June. I would like to extend my thanks to everyone for your business, your loyalty and, most of all, your friendship. John Wilbur, an industry veteran and longtime member of the Companion Life family, will succeed me as president. I have known John for more than 20 years and know he will do a tremendous job in his new role as he continues to move Companion Life forward.

Sincerely,



Philip Gardham



John Wilbur



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products

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accident and health

Specific and Aggregate Medical Stop Loss (Including Level Self-Funded)

Offers flexible coverage for self-insured companies wanting to assume part of the risk for their employees' health care claims. Includes extensive choices with specific plan limits. Aggregate stop loss is available to cover the employer's risk once all employee claims accumulate and reach a selected amount.

Limited Benefit Health Plan

Offers indemnity structured plans for small employers seeking a more affordable health plan, larger employers seeking an affordable way to insure part-time and temporary employees, or professional associations looking to provide additional benefits to members.

Occupational Accident Insurance

Provides workplace injury coverage for an employer that has non-subscribed or "opted out" of the Texas workers' compensation system. Standard coverage includes accident medical expense, AD&D and accident disability.

Short Term Medical

Provides individuals with comprehensive medical coverage on a short-term basis. Coverage could be for days or up to several months. It provides affordable insurance options for individuals who are unemployed or recently graduated, or as an alternative to COBRA.

Group Supplemental Expense

Complements major medical insurance plans by helping to cover out-of-pocket expenses, such as deductibles, copays and coinsurance. Base plans offer benefits to help cover hospital confinement stays with optional benefits for outpatient treatment and physician office visits.

Other Health Insurance/Group Product That is a Supplement to Medicare Part D

Provides employers with retired employees above the age of 65 with supplemental "donut hole" coverage between the basic Medicare Part D and when the Medicare catastrophic plans become responsible for benefits.

Medicare Supplement

Provides individuals with coverage for the portion of health care costs that Medicare Parts A&B don't cover.

ancillary

All products are offered on a small (two to nine lives), large group and voluntary basis.

DENTAL PLANS

Dental Cents® Small Group Dental Plan

A comprehensive dental benefits plan for groups of two to nine employees. It offers freedom of choice when it comes to dentist preference and plan choice.

Dental by Design®

An innovative portfolio of dental insurance products that lets employers with groups of 10 or more create their own plans. Includes three standard base plan options.

Voluntary Dental Insurance

Offers all basic plan coverage plus comprehensive coverage of major services, has a lifetime deductible of \$100 and can include takeover benefits from other plans.

LIFE INSURANCE

Group Term Life Insurance and Accidental Death and Dismemberment (AD&D)

A variety of plans for groups of all sizes. This program is flexible in design, with competitive rates and guaranteed issue amounts.

Voluntary Group Term Life Companion Choice Plus

This plan offers broad coverage for families – depending on the level of employee participation and group size. Five-year premium rate lock available.

DISABILITY INCOME PLANS

Short Term Disability (STD)

Plans are available as a freestanding product or as a part of a larger benefits package.

Long Term Disability (LTD)

It can be offered as a freestanding product or as part of a benefits package. All LTD plans include DisabilityGuidance and are available to groups of all sizes.

Voluntary Critical Illness

This plan covers 12 conditions and all amounts are guaranteed issue, with no pre-existing condition limitations. Includes five-year age band rate lock.

VISION PLAN

Vision by Design®

Options are flexible and fit nearly any size budget.

HEARING SERVICES PLAN

Hearing Services Plan

This plan is provided at no additional cost to employees enrolled in any Companion Life dental plan. It combines unlimited choice with quality and value, and may be extended to any family member.

Companion Life has an A.M. Best rating of A+ (Superior). Rating as of Dec. 18, 2018. For the latest rating, access www.ambest.com. The rating represents an independent opinion from the leading provider of insurer ratings of a company's financial strength and ability to meet its obligations to policyholders.

Some products not available in all states.

2018

Financials

Admitted Assets, Liabilities and Surplus

Statutory Basis (in thousands)

	December 31,	
	2018	2017
ADMITTED ASSETS		
Bonds	\$ 182,250	\$ 166,549
Common stocks	98,994	105,679
Cash	28,351	12,008
Reinsurance receivables and reinsurance funds held	8,214	11,566
Net deferred tax asset	443	-
Premiums due, deferred and uncollected	7,070	5,253
Investment income due and accrued	1,581	1,408
Managing general underwriters receivables	57,484	59,156
Other assets	11,297	11,952
Total admitted assets	\$395,684	\$373,571
LIABILITIES		
Aggregate reserves for future policy benefits:		
Life, annuity and supplementary contracts	\$ 7,321	\$ 6,919
Accident and health	271	23
Policy claim reserves:		
Life	3,841	3,726
Accident and health	40,789	34,746
Premiums received in advance	436	383
Commissions to agents due or accrued	4,738	4,182
Experience rating refunds	741	743
Taxes (excluding federal income), licenses and fees	13,659	11,160
Asset valuation reserve	6,359	10,320
Federal income taxes	793	2,729
Funds held under reinsurance	69,256	63,714
Other liabilities	19,332	22,495
Total liabilities	167,536	161,140
STOCKHOLDER'S EQUITY		
Common capital stock	2,500	2,500
Contributed capital	31,652	31,652
Unassigned surplus	193,996	178,279
Total stockholder's equity	228,148	212,431
Total liabilities and stockholder's equity	\$395,684	\$373,571

2018

Financials

Operations

Statutory Basis (in thousands)

	December 31,	
	2018	2017
REVENUES		
Premiums	\$ 279,851	\$ 253,176
Net investment income	7,401	5,584
Net realized capital gains	-	1,048
Other	21,453	19,445
Total Revenues	308,705	279,253
BENEFITS AND EXPENSES		
Death, annuity and accident and health benefits	183,163	163,347
Increase in aggregate reserves for future policy benefits	(1,238)	(237)
Commissions	56,376	46,163
Salaries and general insurance expenses	35,365	35,122
Taxes (excluding federal income), licenses and fees	10,242	5,760
Increase in loading	(73)	28
Total benefits and expenses	283,835	250,183
Income before federal income taxes	24,870	29,070
Provision for federal income taxes	6,120	9,627
Net income	\$ 18,750	\$ 19,443



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Diane Fischer, Vice President of Compliance and Chief Financial Officer

Michael Flock, Vice President of Operations

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502-738-0217

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