

UNSHAKABLE  
POISSE



 Companion Life

COMPANION LIFE 2020 ANNUAL REPORT

“... THE OPPORTUNITY  
TO STRIKE A BALANCE  
BETWEEN TRADITION  
AND INNOVATION ...”

# THE LETTER

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2020 was a year like no other. Like you, we worried, we anxiously read the news, we reached out to loved ones, and we found ourselves thinking often about what means the most to us.

As a company, we found the principles that guided us for 50 years prepared us for both growth and the unforeseen changes of 2020. In years past, we've written here about agility, strength and wisdom. We've pursued flexibility and accessibility as core values that set us apart in our field. Above all else, we've continued efforts to prioritize our relationship with you. These pillars of our corporate identity kept us focused and accountable to you as the year unfolded.

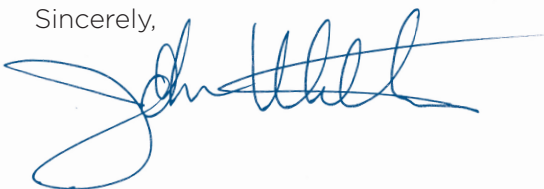
Our values allowed us to not only stay the course, but to forge ahead. We moved into new headquarters. We launched new branding. And though many of our employees began working from home, they continued to offer the highest standard of service. Looking forward to 2021, we made plans to celebrate our 50th anniversary. We began investing in new technology to enhance sales, streamline processes for agents and increase quotes.

The perspective we gained in 2020 reinforced the values on which we were founded while lighting the way forward. It gave us the opportunity to strike a balance between tradition and innovation, between adaptability and resolve.

We know many of you faced remarkable obstacles over the past year. We are more grateful than ever you are part of the Companion Life family. As we embrace our renewed perspective, we also reaffirm our commitment to you. You have our support and encouragement as you process the lessons of 2020 and move forward.

I thank you for doing business with Companion Life. Thank you for trusting both our years of expertise and our vision for the future. I want to thank our deeply dedicated senior team; our exceptional network of agents, underwriters and producers; and our diligent staff. We are here to help you walk confidently into a bright future.

Sincerely,



John Wilbur  
President

A close-up photograph of an aloe vera plant. The central focus is a cluster of pointed, green leaves radiating from a central point, each covered in numerous small, clear water droplets. The background is a soft-focus field of similar aloe vera leaves, creating a bokeh effect. A dark horizontal band is overlaid across the middle of the image, containing the text.

THE PRODUCTS

## ANCILLARY

We offer all products on an employer paid or voluntary basis.

### DENTAL INSURANCE PLAN

#### Dental by Design® Insurance

This portfolio of dental insurance products lets employers create their own plans. It includes three standard base plan options.

### LIFE INSURANCE

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

We offer 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 Insurance 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 INSURANCE PLANS

#### Short Term Disability Insurance (STD)

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

#### Long Term Disability Insurance (LTD)

This comes as a freestanding product or as part of a benefits package. All LTD plans include DisabilityGuidance, an Employee Assistance Program, and are available to groups of all sizes.

#### Voluntary Critical Illness Insurance

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

### VISION INSURANCE PLAN

#### Vision by Design® Insurance

Options are flexible and fit nearly any budget.

### VALUE-ADDED NON-INSURANCE BENEFITS

#### Hearing Services Plan

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

## ACCIDENT & HEALTH PRODUCTS

### **SPECIFIC AND AGGREGATE MEDICAL STOP LOSS INSURANCE**

(Including Level Self-Funded)

This offers flexible coverage for self-insured companies wanting to assume part of the risk for their employees' health care claims. Specific stop loss insurance provides protection for the employer against a high claim on any one individual. Aggregate stop loss insurance is available to cover the employer's risk once all employee claims accumulate and reach a specified amount.

### **LIMITED BENEFIT HEALTH INSURANCE PLAN**

This plan offers indemnity structured insurance plans for small and larger employers seeking a way to insure part-time and temporary employees or professional associations looking to provide additional benefits to members.

### **OCCUPATIONAL ACCIDENT INSURANCE**

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

### **SHORT-TERM MEDICAL INSURANCE**

(Also referred to as Short-Term Duration Insurance)

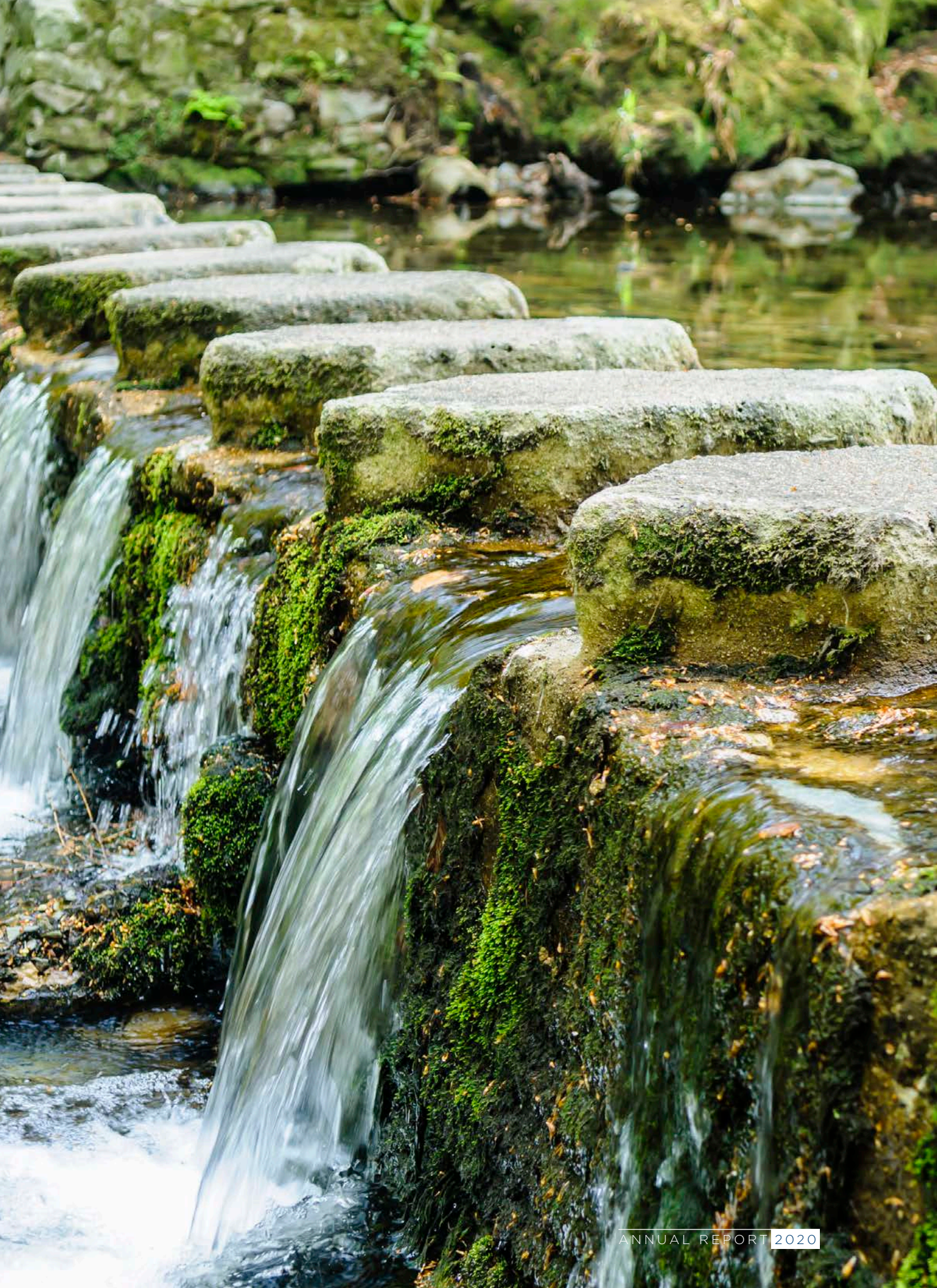
This provides individuals with medical insurance coverage on a short-term basis. It provides insurance options for individuals who are unemployed or recently graduated or as an alternative to COBRA.

### **GROUP SUPPLEMENTAL EXPENSE**

This 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 stays with optional benefits for outpatient treatment and physician office visits.

### **OTHER HEALTH INSURANCE/GROUP PRODUCT THAT IS A SUPPLEMENT TO MEDICARE PART D**

This provides employers with retired employees above the age of 65 with supplemental insurance coverage.



# THE FINANCIALS

## ADMITTED ASSETS, LIABILITIES AND SURPLUS

Statutory Basis (in thousands)

|   | December 31,      |                   |
|---|-------------------|-------------------|
|   | 2020              | 2019              |
| <b>ADMITTED ASSETS</b>                              |                   |                   |
| Bonds   | \$ 301,683        | \$ 204,528        |
| Common stocks                                       | 139,381           | 119,511           |
| Cash  | 88,062            | 39,270            |
| Reinsurance receivables and reinsurance funds held  | 8,592             | 7,267             |
| Premiums due, deferred and uncollected              | 23,705            | 23,939            |
| Investment income due and accrued                   | 1,852             | 1,512             |
| Managing general underwriters receivables           | 58,443            | 57,689            |
| Other assets  | 10,554            | 10,612            |
| <b>Total admitted assets</b>                        | <b>\$ 632,272</b> | <b>\$ 464,328</b> |
| <b>LIABILITIES</b>                                  |                   |                   |
| Aggregate reserves for future policy benefits:      |                   |                   |
| Life, annuity and supplementary contracts           | \$ 3,718          | \$ 4,820          |
| Accident and health                                 | 909               | 564               |
| Policy claim reserves:                              |                   |                   |
| Life  | 4,222             | 5,221             |
| Accident and health                                 | 75,081            | 65,971            |
| Premiums received in advance                        | 7,957             | 279               |
| Experience rating refunds                           | 1,322             | 722               |
| Commissions to agents due or accrued                | 7,501             | 6,601             |
| General expenses due or accrued                     | 12,627            | 2,621             |
| Taxes (excluding federal income), licenses and fees | 11,967            | 11,681            |
| Net deferred tax liability                          | 5,439             | 3,333             |
| Asset valuation reserve                             | 19,326            | 15,969            |
| Liabilities for amounts held under uninsured plans  | 15,663            | -                 |
| Federal income taxes                                | 1,487             | 1,883             |
| Funds held under reinsurance treaties               | 85,920            | 68,006            |
| Other liabilities                                   | 37,247            | 22,626            |
| <b>Total liabilities</b>                            | <b>\$ 290,386</b> | <b>\$ 210,297</b> |
| <b>STOCKHOLDER'S EQUITY</b>                         |                   |                   |
| Common capital stock                                | 2,500             | 2,500             |
| Contributed capital                                 | 94,244            | 31,652            |
| Unassigned surplus                                  | 245,142           | 219,879           |
| <b>Total stockholder's equity</b>                   | <b>341,886</b>    | <b>254,031</b>    |
| <b>Total liabilities and stockholder's equity</b>   | <b>\$ 632,272</b> | <b>\$ 464,328</b> |

## OPERATIONS, CAPITAL AND SURPLUS

Statutory Basis (in thousands)

|  | December 31,     |                  |
|--|------------------|------------------|
|  | 2020             | 2019             |
| <b>REVENUES</b>  |                  |                  |
| Premiums   | \$ 323,059       | \$ 323,993       |
| Net investment income  | 8,281            | 8,819            |
| Net realized capital gains   | 265              | 8                |
| Other  | 21,180           | 21,045           |
| <b>Total Revenues</b>  | <b>352,785</b>   | <b>353,865</b>   |
| <b>BENEFITS AND EXPENSES</b>   |                  |                  |
| Death, annuity and accident and health benefits                      | 219,665          | 229,628          |
| Increase (decrease) in aggregate reserves for future policy benefits | (757)            | (321)            |
| Commissions  | 54,845           | 63,311           |
| Salaries and general insurance expenses                              | 43,488           | 31,512           |
| Taxes (excluding federal income), licenses and fees                  | 9,355            | 5,274            |
| Increase (decrease) in loading                                       | 93               | 21               |
| <b>Total benefits and expenses</b>                                   | <b>326,689</b>   | <b>329,425</b>   |
| Income before federal income taxes                                   | 26,096           | 24,440           |
| Provision for federal income taxes                                   | 7,460            | 5,619            |
| <b>Net income</b>  | <b>\$ 18,636</b> | <b>\$ 18,821</b> |



“ ... STRENGTH AND  
ABILITY TO MEET ITS  
OBLIGATIONS ... ”



Companion Life has an AM Best rating of A+ (Superior). Rating as of Dec. 9, 2020. For the latest rating, access [www.ambest.com](http://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.

Education industries excluded. Some products not available in all states.



THE OFFICES

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### **Andy Folsom**

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### **Rick Williams**

Vice President, Actuarial

### **Stephanie Cooper**

Assistant Vice President, Ancillary Oversight

### **Sean K. King**

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### **Paul Peter**

Assistant Vice President, Underwriting Administration

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Vice President, Accident and Health

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Director of Marketing

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