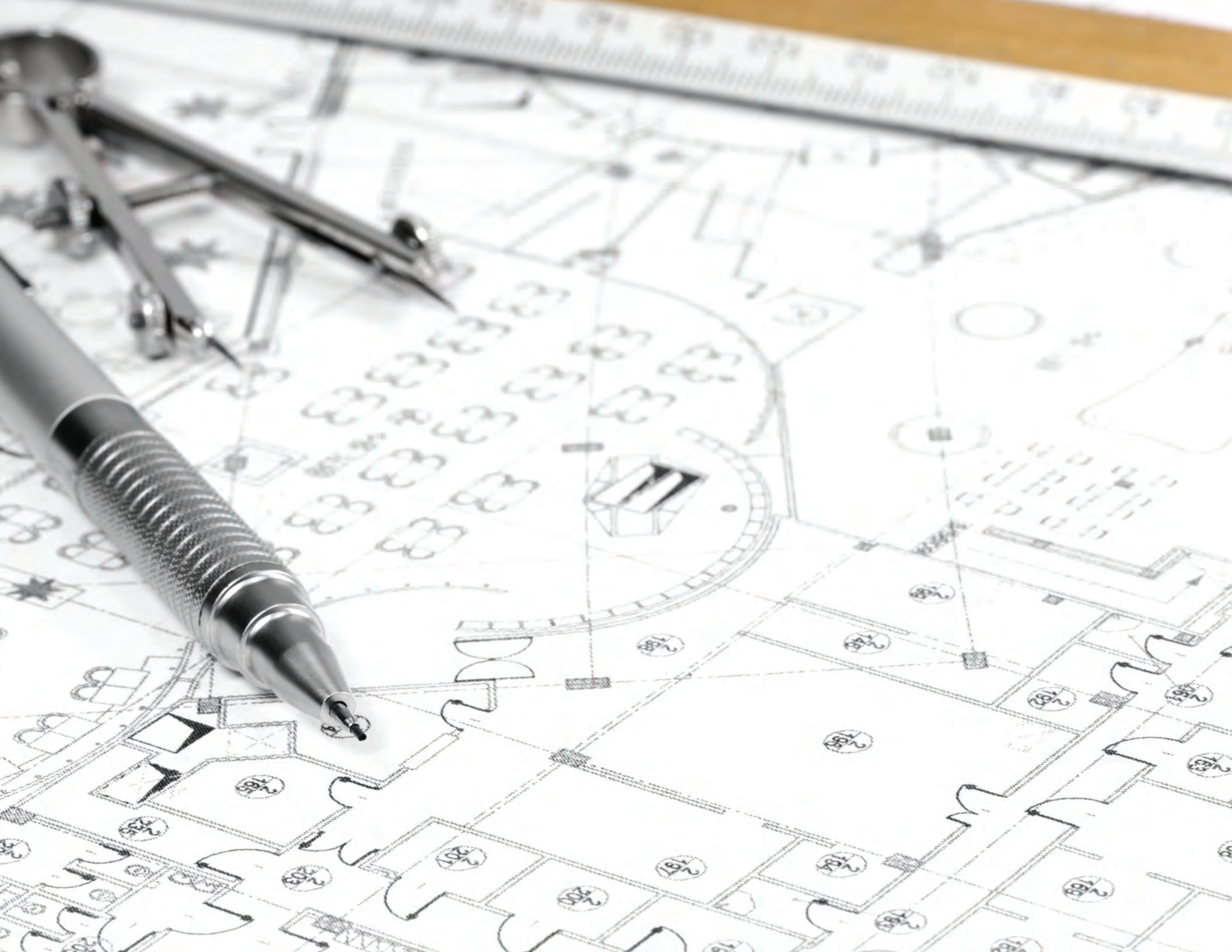


20 | *Companion Life*
INSURANCE COMPANY
22 | ANNUAL REPORT

INTEGRITY & LEADERSHIP

2022 COMPANION LIFE INSURANCE COMPANY ANNUAL REPORT



THE PRESIDENT'S LETTER



*"Having integrity means you have
well-defined principles and you stick to them."*

The President's Letter

Sometimes it seems as though the world is changing a little faster with each passing day. As high-tech innovations like remote work, cryptocurrency and artificial intelligence transform our lives, it's comforting to know some things will never change. For instance, the core values that made our company successful 50 years ago remain a vital part of our mission — and they always will.

Those values — leadership and integrity — are woven into the very fabric of our corporate culture. We embody them each day in the exemplary service we provide to our insureds and in the way we treat one another. Our employees become family members united by the pride they share in an organization that provides an important service to their friends and neighbors.

We are proud that our company is a leader and role model in our industry. Leadership is defined as the ability of an organization or an individual to guide or influence others. Oftentimes, the best leaders bring about change in quiet, understated ways, inspiring people simply by setting a positive example. No matter what, they do the right thing.

This philosophy starts with our leaders and extends throughout the entire company. We believe in conducting ourselves with honesty and acting based on well-defined, strong moral principles. That's how we define integrity.

Of course, integrity has another meaning, as well.

It refers to a structure built upon a solid foundation, much like Companion Life. When we recently celebrated our 50th anniversary, we recognized our values are the pillars that have made it possible for our company to grow and thrive for five decades. With each year that passes, we continue building on that legacy for our employees, our insureds and our communities.

We've achieved a great deal in the past year. Once again, we're a proud Diamond Member of the Self-Insurance Institute of America (SIIA). A Diamond membership signifies the highest level of support for SIIA and demonstrates a company's leadership position within the self-insurance/captive insurance marketplace. This membership gives us access to various privileges and demonstrates our strength in the employer stop loss insurance arena. And for the 21st year in a row, we have received an AM Best rating of A+.* This would not happen without the strong work ethic and unmatched dedication of our staff members.

We are also continually working to improve our efficiency with high-tech solutions.

In the last year, we completed the implementation of Companion Connect, our new employee benefits quoting and underwriting system. Companion Connect is built on a Salesforce platform and has resulted in many enhancements, including faster turnaround time for quotes, improved productivity, the automation of several processes, and a more modern look and feel to our quotes.

CompanionCARE® was designed and implemented to support and bring value to our stop loss partners. CompanionCARE is a no-cost initiative that aims to bring resources and solutions to our partners and their clients. The program provides experienced clinicians who work to tackle complex clinical and cost-of-care solutions.

Our company looks forward to continued growth as we seek employees and partners who exemplify our corporate culture. Most importantly, we will continue to put our insureds first.

To our staff, senior team, agents, underwriters and producers, I offer my thanks for another year of extraordinary work. I appreciate all that you do.

Thank you for your support.

All the best,

John Wilbur
President



*December 20, 2022. 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.

THE PRODUCTS



The Products

EMPLOYEE BENEFITS

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

DENTAL INSURANCE PLANS

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 PLANS

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.

Companion Choice Plus

This plan offers broad coverage for families, depending on the level of employee participation and group size.

VISION INSURANCE

Vision by Design® Insurance

Options are flexible and fit nearly any budget.

DISABILITY INCOME INSURANCE PLANS

Short Term Disability Insurance (STD)

Plans are available as a free-standing product or as a part of a larger benefits package.

Long Term Disability Insurance (LTD)

This comes as a free-standing product or as part of a benefits package. All LTD insurance plans include Disability Guidance, an employee assistance program, and are available to groups of all sizes.

CRITICAL ILLNESS INSURANCE PLAN

This plan covers 12 conditions, and all amounts are guaranteed issue with no pre-existing condition limitations.

HOSPITAL INDEMNITY INSURANCE PLANS

Hospital Indemnity insurance plans may be sold with a minimum of 10 enrolled employees. Choose Basic or Premium levels with a choice of three insurance plans at each level.

GAP INSURANCE PLANS

Group supplemental expense insurance plans complement major medical insurance plans by providing supplemental coverage for out-of-pocket expenses, such as deductibles, copays and coinsurance.

VALUE-ADDED NON-INSURANCE BENEFITS

Hearing Services

We provide this benefit 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 PLANS

These plans offer fixed indemnity structured insurance 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.

SHORT TERM MEDICAL INSURANCE

Short term medical insurance, also referred to as short term limited duration insurance, provides individuals with medical insurance coverage on a short term basis. It can serve as an alternative to COBRA or provide insurance options for individuals who need coverage on an interim basis.

EMPLOYER GROUP WAIVER INSURANCE PLANS

Employer group waiver insurance plans offer health insurance/group coverage as a supplement to Medicare Part D. This provides a way for employers to offer supplemental insurance coverage to their retired employees over age 65.

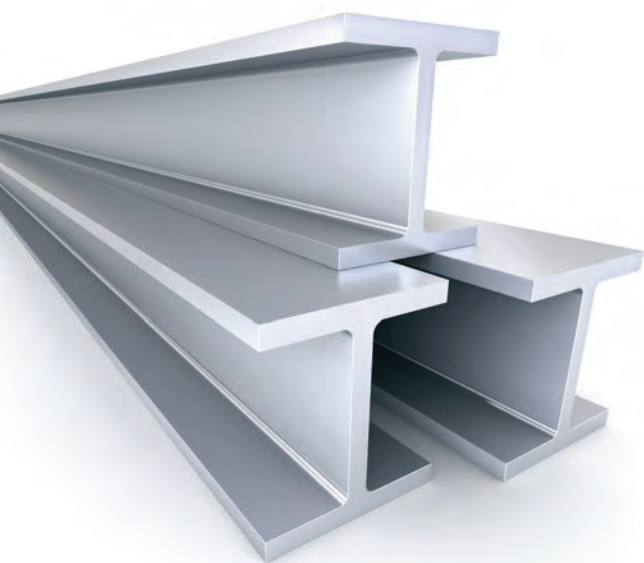
THE FINANCIALS



The Financials

ADMITTED ASSETS, LIABILITIES AND SURPLUS

Statutory Basis (in thousands)



ADMITTED ASSETS

Bonds	
Common shares	
Cash	
Reinsurance receivables and reinsurance funds held	
Premiums due, deferred and uncollected	
Investment income due and accrued	
Managing general underwriters receivables	
Other assets	
Total admitted assets	

LIABILITIES

Aggregate reserves for future policy benefits:	
Life, annuity and supplementary contracts	
Accident and health	
Policy claim reserves:	
Life	
Accident and health	
Premiums received in advance	
Experience rating refunds	
Commissions due or accrued	
General expenses due or accrued	
Taxes (excluding federal income), licenses and fees	
Net deferred tax liability	
Asset valuation reserve	
Liabilities for amounts held under uninsured plans	
Federal income taxes	
Funds held under reinsurance treaties	
Other liabilities	
Total liabilities	

SHAREHOLDER'S EQUITY

Common capital stock	
Contributed capital	
Unassigned surplus	
Total shareholder's equity	
Total liabilities and shareholder's equity	

	December 31,	
	2022	2021
	\$ 346,003	\$ 310,369
	149,429	158,082
	101,381	124,657
	4,648	8,781
	17,440	17,646
	2,212	1,809
	43,212	59,611
	6,629	8,779
	\$ 670,954	\$ 689,734
	\$ 3,328	\$ 3,044
	1,293	1,272
	5,142	4,348
	79,349	79,213
	8,566	10,806
	859	1,083
	4,348	6,041
	9,316	8,155
	7,476	7,934
	4,323	9,459
	5,655	22,261
	15,123	12,698
	761	1,865
	71,757	84,158
	40,055	45,997
	257,351	298,334
	2,500	2,500
	94,244	94,244
	316,859	294,656
	413,603	391,400
	\$ 670,954	\$ 689,734

STATEMENT OF OPERATIONS

Statutory Basis (in thousands)

REVENUES

Premiums
 Net investment income
 Net realized capital gains/(losses)
 Other

Total revenues

BENEFITS AND EXPENSES

Death, annuity, and accident and health benefits
 Increase/(decrease) in aggregate reserves for future policy benefits
 Commissions
 Salaries and general insurance expenses
 Taxes (excluding federal income), licenses and fees
 (Decrease)/increase in loading

Total benefits and expenses

Income before federal income taxes

Provision for federal income tax

Net income

	December 31,	
	2022	2021
	\$ 281,308	\$ 295,377
	11,882	14,826
	–	(3,873)
	16,628	18,929
	<u>309,818</u>	<u>325,259</u>
	189,080	202,231
	305	(311)
	31,284	36,781
	53,567	45,534
	4,842	4,208
	(59)	19
	<u>279,019</u>	<u>288,462</u>
	30,799	36,797
	5,815	8,017
	<u>\$24,984</u>	<u>\$28,780</u>

"With each year that passes, we are proud to continue building on that legacy for our employees, our insureds and our communities."

THE OFFICERS



The Officers

COLUMBIA, SOUTH CAROLINA
800-753-0404

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President

DIANE SILVERS
Vice President and Chief Financial Officer

MICHAEL FLOCK
Vice President, Risk Management, Chief Risk Officer

ANDY FOLSOM
Vice President, Strategic Growth

MARK SMIDT
Vice President, Employer Stop Loss

RICK WILLIAMS
Vice President, Actuarial

STEPHANIE COOPER
Assistant Vice President, Employee Benefits Oversight

TOM KASTE
Assistant Vice President, Employer Stop Loss Underwriting

SEAN KING
Assistant Vice President, System Security Officer

SPANN LAFFITTE
Assistant Vice President, Employee Benefit Sales

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Assistant Vice President, Underwriting Administration

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JEFF PETTY

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