STATE OF OREGON

DEPARTMENT OF CONSUMER & BUSINESS SERVICES

DIVISION OF FINANCIAL REGULATION

REPORT OF FINANCIAL EXAMINATION

OF

STANDARD INSURANCE COMPANY
PORTLAND, OREGON

AS OF

DECEMBER 31, 2020

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NAIC COMPANY CODE 69019

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SALUTATION

October 3, 2022

Honorable Andrew Stolfi, Director
Department of Consumer and Business Services
State of Oregon
350 Winter Street NE
Salem, Oregon 97301-3883

Dear Director:

In accordance with your instructions and guidelines in the National Association of Insurance Commissioners (NAIC) Examiners Handbook, pursuant to ORS 731.300 and 731.302, respectively, we have examined the business affairs and financial condition of

STANDARD INSURANCE COMPANY
1100 SW 6th Avenue
Portland, Oregon 97204

NAIC Company Code 69019

hereinafter referred to as the "Company." The following report is respectfully submitted.

SCOPE OF EXAMINATION

We have performed our regular, quintennial, multi-state examination of Standard Insurance Company, conducted as a coordinated examination with the New York State Department of Financial Services. The examination was performed in conjunction with the examination of a sister life and health insurer, The Standard Life Insurance Company of New York (SNY). A separate report of examination will be prepared for each entity. The last examination of this life and health insurer was completed as of December 31, 2015. The current examination covers the period of January 1, 2016, to December 31, 2020.

We conducted our examination pursuant to ORS 731.300 and in accordance with ORS 731.302(1) which allows the examiners to consider the guidelines and procedures in the NAIC *Financial Condition Examiners 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. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The 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 following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in ORS 731.302 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 other regulators and the Company.

COMPANY HISTORY

The Company was incorporated in Oregon on February 24, 1906, and commenced business on April 12, 1906. The Company became a mutual insurer under the name of Oregon Mutual Life Insurance Company in 1929. In 1946, the Company changed its name to Standard Insurance Company. On September 28, 1998, the Company's Board of Directors approved a Plan of Reorganization providing for the reorganization of the Company from a mutual life insurance company into a stock life insurance company in accordance with the requirements of ORS 732.600 through 732.630. The Plan of Reorganization was approved by the director of the Oregon Department of Consumer and Business Services (DCBS) on April 21, 1999.

The Company is a wholly owned subsidiary StanCorp Financial Group, Inc., which is a wholly owned subsidiary of Meiji Yasuda Life Insurance Company (the "Parent" or "MYLIC") based in Tokyo, Japan.

Capitalization

The Company has 1,000 shares of common stock authorized, issued and outstanding. All shares are owned by its parent company, StanCorp Financial Group, Inc. (StanCorp). The Board of Directors determined the stated value of the shares at $423,838,694, representing the "replaced" surplus value of the mutual insurer, converted into common shares, as a result of the demutualization described above.

Dividends and Other Distributions

During the period under examination, the Company declared and paid cash distributions to its sole shareholder as follows:

Declared Date	Paid Date	Amount	Description
11/10/2015	3/31/2016	$ 29,000,000	Ordinary
	6/30/2016	50,000,000	Ordinary
	9/30/2016	50,000,000	Ordinary
	12/30/2016	50,000,000	Ordinary
11/8/2016	3/31/2017	22,000,000	Ordinary
	9/30/2017	50,000,000	Ordinary
11/13/2018	6/28/2019	15,000,000	Ordinary
	9/30/2019	35,000,000	Ordinary
	12/31/2019	20,000,000	Ordinary
11/11/2019	3/31/2020	50,000,000	Ordinary
	12/31/2020	35,000,000	Ordinary

The Company made the proper disclosure of the distributions to the director of DCBS in accordance with the reporting requirements established by ORS 732.554 and 732.576.

Surplus Note

During the period under examination, the Company did not issue any surplus notes. However, in September 2014, the maturity date of a previously approved $250 million subordinated surplus note issued to StanCorp on August 15, 2012, was extended 15 years; from 2027 to 2042.

CORPORATE RECORDS

Board Minutes

In general, the review of the Board meeting minutes of the Company indicated the minutes support the transactions of the Company and clearly describe the actions taken by its directors. A quorum, as defined by the Company's Bylaws, was met at all of the meetings held during the period under review.

The Company's Bylaws, in Article 3, section 3.1, authorize the Board to create one or more committees. The Board has authorized an Audit Committee, a Nominating and Corporate Governance Committee, and an Organization and Compensation Committee, each with a formal charter. The actions of the committees are summarized and reported to the Board of Directors during their regular meetings.

The Organization and Compensation Committee is responsible for monitoring, reviewing and evaluating the performance of the CEO in conjunction with the full Board, as well as setting the CEO's annual compensation. The CEO evaluates the performance of the senior executive officers and the committee considers the recommendation and approves their annual compensation. This process complies with the provisions of ORS 732.320(3).

Articles of Incorporation

The Articles of Incorporation were last amended on April 14, 1999. No changes were made to the Articles during the period under examination. The Articles of Incorporation conformed to the Oregon Insurance Code.

Bylaws

The Company's Bylaws were last amended on May 7, 2001, and restated as of March 7, 2016. The Company's Bylaws conformed to Oregon statutes.

MANAGEMENT AND CONTROL

Board of Directors

The Bylaws, in Article 2, Section 2.1, state that all corporate powers of the corporation shall be exercised by or under the authority of its Board of Directors; the business and affairs of the corporation shall be managed under the direction of its Board of Directors. The Bylaws, in Article 2, Section 2.2, state the number of directors shall be not less than nine and no more than twenty one. No fewer than five directors or one-quarter of the directors, whichever is fewer, shall be residents of Oregon. A majority of directors shall be persons who are not salaried officers of the corporation. As of December 31, 2020, the Company was governed by a fifteen member Board of Directors as follows:

Name and Address	Principal Affiliation	Member Since
Frederick William Buckman Vancouver, Washington	President Frederick Buckman, Inc.	1996
Ranjana Bhattacharya Clark San Francisco, California	Chief Transformation Officer and Head of Global Transaction Banking Group MUFG Americas Holding Corporation and its primary subsidiary MUFG Union Bank, N.A	2014
Patrick Glenn Criteser Portland, Oregon	President & Chief Executive Officer Tillamook County Creamery Association	2020
Elizabeth Ellen Flynn New York, New York	Former Division Chief Executive Officer, President and Vice Chairman Marsh, LLC	2017
Debora Dyer Horvath	Principal and Founder	2012

Shoreline, Washington	Horvath Consulting, LLC	
Name and Address	**Principal Affiliation**	**Member Since**
Akira Kumabe Yokohama-shi, Kanawaga, Japan	General Manager, International Business Development Department Meiji Yasuda Life Insurance Company	2018
James Fay Lobdell Sherwood, Oregon	Retired, Senior VP, CFO, and Treasurer Portland General Electric Co., Inc.	2020
Duane Charles McDougall ** Lake Oswego, Oregon	Former Chairman and Chief Executive Officer Boise Cascade, LLC	2009
Helen Elizabeth Mitchell New York, New York	Former, President, CEO and Director Renaissance Reinsurance US, Inc.	2017
Kevin Masazo Murai San Mateo, California	Retired, President, Chief Executive Officer SYNNEX Corporation	2013
John Gregory Ness * Lake Oswego, Oregon	Chairman, President and CEO StanCorp Financial Group, Inc. & Standard Insurance Company	2009
Mary Frances Sammons Scottsdale, Arizona	Retired, Chairman and Chief Executive Officer Rite Aid Corporation	2008
Daisaku Shintaku Portland, Oregon	Resident Director and Operating Officer Meiji Yasuda Life Insurance Company	2020
Masaharu Shiraishi Eastchester, New York	President, Director Meiji Yasuda Life insurance Company	2018
Kazunori Yamauchi Suginami-ku, Tokyo, Japan	Senior Managing Executive Officer Meiji Yasuda Life insurance Company	2016

* Chairman
** Lead Independent Director

The Company was in compliance with ORS 732.305, in that at least one-quarter of the Board members resides in Oregon. The Directors as a group had experience in insurance, accounting, investments and management, in accordance with the provisions of ORS 731.386.

Officers

Principal officers serving at December 31, 2020, were as follows:

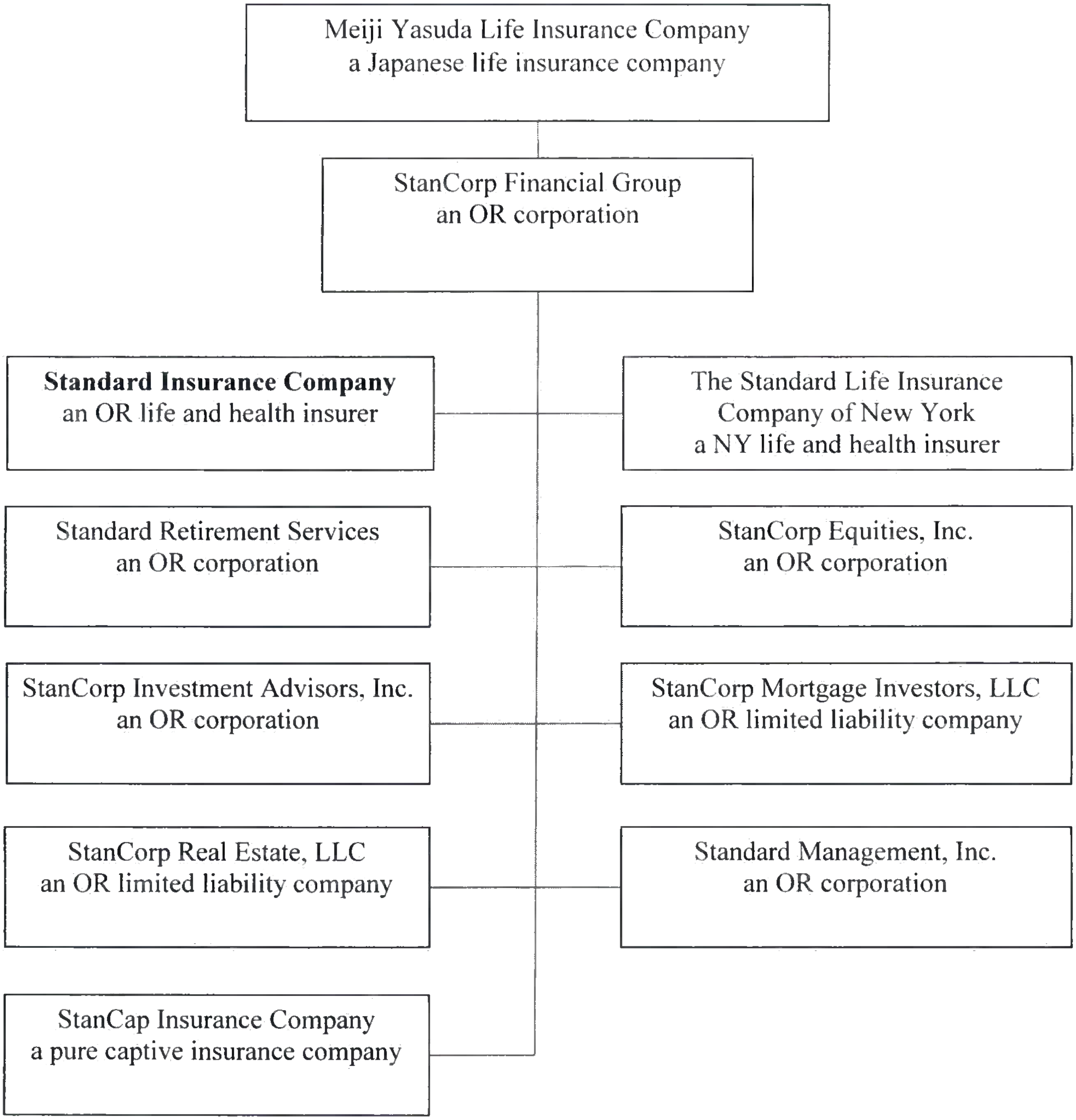
Name	**Title**
John Gregory Ness	Chairman & Chief Executive Officer
Robert Michael Erickson	Vice President, Chief Accounting Officer and Treasurer
Elizabeth Ann Fouts	Assistant Vice President, Associate Counsel, and Assistant Corporate Secretary
Sally Ann Manafi	Vice President, Corporate Actuary, and Chief Risk Officer
Susan Lane Bruechner	Vice President, Human Resources
Scott Allen Hibbs	Vice President and Chief Investment Officer
Daniel James McMillan	Vice President and Chief Operating Officer
Greg Alan Chandler	Vice President, Information Technology
Christopher David Payne	Vice President, Employee Benefits
Justin Delaney	Vice President, External Affairs and Associate Counsel
Stephanie Flora	Vice President, Internal Auditing

Conflict of Interest

The Company's Board adopted a Guide to Business Conduct as a resource to support the mission, values and ethics of the Company. The guide requires all employees to notify the Company if a conflict of interest arises. In addition, the Company has a process in place requiring all Board members, senior officers and key employees to annually sign a conflict of interest declaration. From a review of the completed conflict of interest questionnaires, the Company's personnel performed due diligence in completing the conflict of interest statements. No material conflicts of interest were noted.

Insurance Company Holding System

An insurance holding company registration statement was filed by the Company in accordance with the provisions of ORS 732.552, ORS 732.554, and OAR 836-027-0020(1). The following condensed organizational chart depicts the relationships of the Company within the holding company system:



On March 7, 2016, MYLIC, a life insurance company located in Tokyo, Japan, acquired 100% control of StanCorp, and would be considered the ultimate controlling entity.

StanCorp is a holding company and was formed on September 23, 1998, as a result of the demutualization. It owns 100% of the Company's 1,000 authorized and outstanding common shares.

StanCorp owns other affiliated entities within the holding company system, as follows:

The Standard Life Insurance Company of New York (SNY) is a stock life insurer formed in 2000 and is licensed to write group and individual disability insurance, group life, group AD&D insurance, group dental insurance, and group vision insurance in the State of New York.

Standard Retirement Services, Inc. (SRS) is an Oregon corporation formed December 12, 2006, to hold assets of the Company's Retirement Plans Division. SRS administers and services retirement plans, group annuity contracts, and trust products. Retirement plans are offered in all 50 states.

StanCorp Equities, Inc. (SEI) is an Oregon corporation formed on December 2, 1986, to be a licensed broker-dealer of registered group annuity contracts for 403(b) plans, 457 tax-exempt plans, and non-qualified deferred compensation plans of private employers, and is the principal underwriter and distributor of these contracts for the Company. As a wholesaler, SEI is limited to soliciting and supporting third-party broker-dealers and investment advisors that offer or advise their retirement plan clients on using an unregistered group annuity contract or a mutual fund trust platform.

StanCorp Investment Advisers, Inc. (SIA) is an Oregon corporation incorporated on May 22, 2000. This company provides performance analysis, fund selection support, model portfolios and other investment advisory and management services to the Company, as well as other non-affiliated clients. It is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940. In January 2015, StanCorp reached an agreement to sell the assets of its private client wealth management business within StanCorp Investment Advisors to a third party. The sale was completed during the second quarter of 2015. The Company remains a wholly owned subsidiary of StanCorp.

StanCorp Mortgage Investors, LLC (SMI) is an Oregon limited liability company formed on January 2, 1996. This company originates, manages and services fixed-rate commercial mortgage loans for the investment portfolios of StanCorp's insurance subsidiaries. It also provides origination and servicing of commercial mortgage loans for non-affiliated institutional investors, which generates additional fee income.

StanCorp Real Estate, LLC (SRE) is an Oregon limited liability company formed on January 2, 1996. SRE owns and manages the Hillsboro, OR, home office properties and other properties held for investment and held for sale. SRE also manages the Portland, OR, home office properties.

Standard Management, Inc. (SM, Inc.) is an Oregon corporation incorporated on August 11, 1986, as a downstream holding company. SM, Inc. was formed for the purpose of owning non-insurance subsidiaries. SM, Inc. also manages certain real estate properties held for sale from time-to-time in conjunction with the real estate business.

StanCap Insurance Company is an Oregon domiciled pure captive insurance company that was created by StanCorp on June 4, 2014. Effective September 30, 2014, StanCap entered into a reinsurance agreement with the company to reinsure group life and AD&D insurance business, eliminating the need for a third party reinsurer for these products.

INTERCOMPANY AGREEMENTS

The following agreements are in place between the Company and its affiliates or subsidiaries within the insurance company holding system:

Administrative Service Agreement

Effective August 24, 2000, the Company entered into a contract to provide SNY with services, including: distribution/producer management, marketing support/product development and administration, reinsurance, underwriting, policyholder services, claims processing and payment, actuarial/financial services, information technology, legal services and government relations, general services, human resources, and administrative services only. SNY agrees to reimburse the Company at cost, consistent with GAAP. Costs will be allocated consistent with the requirement of New York State Insurance Department Regulation 33 entitled "Reporting of Income and Expenses" and "Allocation of Income (Receipts) and Expenses". Unless otherwise agreed upon by the parties, within thirty (30) days after the end of each calendar month, the Company shall submit a written statement of charges due. All amounts due shall be paid within ten (10) days following receipt of such statement.

Administrative Services Agreement

Effective August 24, 2000, and last amended November 1, 2017 (Amendment No.8), SNY agrees to provide the Company with additional services including claims process and payment services and administration of family leave and absence management products. The Company agrees to send SNY certain new and on-going group long- and short-term disability, state-mandated disability, life (including accidental death and dismemberment and waiver of premium benefits, if applicable), stand-alone accidental death and dismemberment policies, and supplemental claims incurred under group policies issued or reinsured by the Company. SNY will adjudicate these claims and administer family leave and absence management products on behalf of the Company as its agent, provided that the Company will continue to provide consulting services to SNY in connection with these claims. Further, SNY will provide claims management services, including developing, designing, operating, monitoring and improving the Company's claims operations to ensure efficiency and effectiveness, and to provide such other claims management services as are reasonably required or requested by the Company. The Company agrees to reimburse SNY at cost, consistent with GAAP. Costs will be allocated consistent with the requirement of New York State Insurance Department Regulation 33 entitled "Reporting of Income and Expenses" and "Allocation of Income (Receipts) and Expenses". Unless otherwise agreed upon by the parties, within thirty (30) days after the end of each calendar month, SNY shall submit a written statement of charges due. All amounts due shall be paid within ten (10) days following receipt of such statement.

Investment Services Agreement

Effective August 24, 2000, an agreement between the Company and SNY was entered into to appoint the Company to act as investment advisor to SNY's invested assets. The Company shall provide investment advice and services by providing a continuous investment program by monitoring portfolio performance against investment guidelines, policies and objectives. The Company shall also advise SNY as to suitable investments or disposition of assets and is authorized to place orders pursuant to such investment advice. SNY agrees to reimburse the Company for all services provided at costs, consistent with GAAP. All amounts due shall be paid within ten days following receipt of a written statement.

Administration Agreement

Effective October 1, 2002, the Company, SNY entered into a contract with the Teachers Insurance and Annuity Association of America (TIAA) to purchase certain group business from TIAA. The Company and TIAA entered into an Indemnity Reinsurance Agreement where the Company will assume, on a 100% coinsurance basis, all of TIAA's coinsured liabilities. As a condition to closing, the Company will provide to TIAA, at the sole expense of the Company, all of the administrative services necessary or appropriate in connection with the administration of the covered group policies for so long as they are reinsured by the Company under the Indemnity Reinsurance Agreement. The Company shall provide all services pursuant to the agreement with respect to the covered group policies without the payment of any fee or other compensation whatsoever by TIAA and without reimbursement by TIAA of any costs or expenses of the Company incurred in performing the Services under this agreement. In the event that TIAA or the Company shall be entitled to any reimbursement or other payment from the other party pursuant to this agreement, then the party to whom reimbursement or payment is owed shall submit to the other party a written statement of the amount owed, together with detailed backup information thereon, and the other party shall pay within 10 business days following receipt of such written statement, the amount set forth in such statement. Any amount not paid within such 10 business day period shall bear interest at the stated interest rate until the date of receipt.

Asset Management, Loan Purchase and Servicing Agreement

Effective January 1, 2002, and last amended on April 24, 2014, The Company entered into an agreement with SMI for the management of the Company's real estate loan assets, a master purchase agreement, and the servicing of real estate loans by SMI. For assets managed, the Company shall pay to SMI a fee equal to 0.15% times the principal balance of assets managed, with a fee for loan originations equal to the net loan origination fees deferred by the Company in accordance with GAAP. Regarding purchases of loans, SMI will offer loans to the Company for purchase and the Company will accept or reject an offer of participation; if accepted, SMI will issue a Certificate of Purchase/Participation, unless SMI decides not to sell the Loan/Participation in which case it shall pay the Company a termination fee of $100. SMI shall service each of the loans, charging the Company a servicing fee expressed as a particular amount or as basis points per annum. Said fee shall be deducted from payments received in respect to Borrower's Note. SMI shall be entitled to receive all surcharges, costs and late charges and other fee, including prepayment charges, paid by Borrower under the loans.

Intercompany Administrative Services Agreement

Effective January 1, 2012, and last amended on April 21. 2014, SFG, SIA, SM Inc., Adaptu, LLC, SMI, SRE, SRS and the Company entered into an agreement to provide to any other entity the following services: a) financial and actuarial services; b) information technology; c) legal services and government relations; d) general services; e) human resources; f) auditing; g) recordkeeping and TPA services, and; h) miscellaneous services. Each company that receives services shall reimburse the provider of the services at the provider's cost or at arms-length transaction value consistent with GAAP. Payment is due within 30 days after receipt of a written statement of the charges due for services rendered. Late payments shall be charged interest at a rate equal to the Company's short-term borrowing rate on existing lines of credit. The Amendment includes

StanCap Insurance Company, Inc. (StanCap) as a party to the Agreement that may provide to and receive Services from the other Companies.

The Amendment includes StanCap Insurance Company (an Oregon captive) in the introductory paragraph. As a result, the Agreement now includes StanCap Insurance Company.

The examiners noted that Adaptu, LLC ceased operations in February, 2013.

Administrative Services and Treasury Agreement

Effective January 1, 2012, last amended on December 22, 2017, the Company entered into an agreement with SMI to provide financial services, information technology, legal services and government relations, general services, human resources, commissions administration, auditing, and miscellaneous services to SEI. SEI agrees to provide compliance and licensing services, sales and service offices, oversight of sales operations, and miscellaneous services to the Company. Compensation by SEI for services provided to the Company will be remitted separately, at cost or at arms-length transaction value, as determined by the provider of the services, and consistent with GAAP. Charges shall be reimbursed at cost, consistent with GAAP, after chargeback methodologies are applied as described in the agreement. Payment of net amounts shall be paid within 30 days following receipt of a statement. Late payments shall be charged interest at a rate equal to the Company's short-term borrowing rate on existing lines of credit.

Underwriting and Service Agreement

Effective January 1, 2012, replacing an agreement effective January 1, 2005, the Company entered into an agreement with SEI. The agreement allows SEI to act as principal underwriter of the Separate Account established by the Company on August 2, 1999, to set aside and invest assets attributable to certain variable annuity contracts issued by the Company. SEI agrees to provide certain sales, administrative and supervisory services relative to the contracts as required under applicable federal and state securities laws and FINRA regulations. In addition, SEI will license, register and otherwise qualify representatives to sell contracts, and to train and supervise the registered representatives to comply with securities laws. Compensation by SEI for services provided to the Company will be remitted separately, at cost or at arms-length transaction value, as determined by the provider of the services, and consistent with GAAP.

Agreement Concerning the Filing of Consolidated Federal Income Tax Returns

Effective February 12, 2012 and last amended on March 31, 2020, an amended and restated agreement was entered into between StanCorp Financial Group, Inc., and all its direct and indirect subsidiaries. SFG will file a US consolidated tax return for the taxable year ended December 31, 2000, and for each subsequent taxable period and allocate the tax liability among the subsidiaries. The allocation will be based on the ratio of a member's tax on a separate return basis to the total taxes of all members on a separate return basis. An additional amount is allocated to each member equal to 100% of the excess of the member's separate return tax liability for the year over the consolidated tax liability allocated to the member. Any credits which were not utilizable by a member on a separate return base, but were available to the members with taxable income, shall be allocated in a manner that reasonably reflects the absorption of the member's net operating losses or tax credits. Subsidiaries shall pay SFG its allocated amount no later than 90 days after the date of filing of the consolidated return. Payment of estimated tax installments shall be paid within 90 days of receiving notice for such payment, but in no event later than the due date for each such payment. The Amendment includes StanCap Insurance Company, Inc. as a party to the agreement, as well as, to stating that the parent and subsidiaries are members of an affiliated group, as defined in Internal Revenue Code of 1986, as amended, Section 1054(a).

Non-Recourse Master Participation and Servicing Agreement

Effective June 29th, 2007 and last amended on April 21, 2014. the Company entered into a Non-Recourse Master Participation and Servicing Agreement with SMI, ("Buyer'), and the Company is the "Seller". Under the agreement, the sellers own mortgage loans secured by improved real state and may offer participations in certain participation loans to buyer for purchase. Offers to participate in Participation Loans shall be for a certain percentage of the total loan, and shall establish the Pro Rata Share of each party. The amendment included StanCap Insurance Company, as a Seller.

Non-Recourse Master Participation and Servicing Agreement

Effective April 1, 2018, the Company entered into an agreement with SMI ("Originator'), and SFG ("Participant"), with the Company defined as the "Seller". Under the agreement, the Originator originates and will continue to originate mortgage loans secured by improved real estate to individuals and/or other legal entities (Borrowers). Originator routinely places certain of these loans with Seller prior to the funding of the loan , in which case Seller is the lender of record. The Participant is interested in purchasing from Originator or seller, without recourse, one or more participating ownership interests in loans owned by Originator or seller, as the case may be. Participant shall reimburse Originator for Participant's pro rata share of any administrative costs and protective advances made by Originator within ten (10) business days of written notice of the same from Originator.

Non-Recourse Master Participation and Servicing Agreement

Effective December 1, 2004, the Company entered into a Non-Recourse Master Participation and Servicing Agreement with SMI ("Originator'), and SNY ("Participant"), with the Company designated as the "Seller". Under the agreement, the originator originates and will continue to originate mortgage loans secured by improved real estate to individuals and/or other legal entities (Borrowers). Originator routinely places certain of these loans with Seller prior to the funding of the loan , in which case Seller is the lender of record. The Participant is interested in purchasing from Originator or Seller, without recourse, one or more participating ownership interests in loans owned by Originator or Seller, as the case may be. Participant shall reimburse Originator for Participant's pro rata share of any administrative costs and protective advances made by Originator within ten (10) business days of written notice of the same from Originator.

Non-Recourse Master Participation and Servicing Agreement

Effective November 19, 2003, and last amended on July 10, 2017, the company entered into a Non-Recourse Master Participation and Servicing Agreement with SMI (collectively "Originator'), and Pacific Guardian life Insurance Company., ("Participant"). The Company and SMI are the "Originator". Under the agreement, the Originator originates and will continue to originate mortgage loans secured by improved real estate to individuals and/or other legal entities (Borrowers). The Participant is interested in purchasing from Originator, without recourse, one or more participating interests in loans that the Originator has purchased. Participant shall reimburse Originator for Participant's pro rata share of any administrative costs and protective advances made by Originator within ten (10) business days of written request from Originator.

FIDELITY BOND AND OTHER INSURANCE

The examination of insurance coverages involved a review of adequacy of limits and retentions, and the solvency of the insurers providing the coverages. The Company's insurance coverages are provided through insurance policies covering SFG, with the Company protected as a wholly owned subsidiary. The group as a whole is insured up to an aggregate $30,000,000 limit of liability, with a single loss limit of $15,000,000 per individual loss, after a $250,000 deductible, against losses from acts of dishonesty and fraud by its employees and agents. Fidelity bond coverage met the coverage limits recommended by the NAIC.

Other insurance coverages in force at December 31, 2020, were found to be adequate, and included:

Commercial general liability	Business auto liability
Employment practices liability	Property liability
Directors and officer's liability	Mortgage impairment
Professional liability	Earthquake coverage
Terrorism coverage	Fiduciary liability
Bankers professional liability	Professional error & omission
Asset management protector	Privacy/Network Security Liability (cyber)
Workers' Compensation	Corporate Kidnap and Ransom

TERRITORY AND PLAN OF OPERATION

As of December 31, 2020, the Company was authorized to write life, health and annuity business in all 50 states with the exception of New York. The Company is also licensed in the District of Columbia, Guam, Puerto Rico and the US Virgin Islands.

Historically, the Company has written much of its business in group short- and long-term disability products for employer groups; additionally, it offers individual disability marketed to physicians, lawyers, executives, as well as other professionals and small business owners. The Company also offers group life products, as well as accidental death and dismemberment, group dental, group vision, and group hospital indemnity, critical illness, and accident plans.

The Company has placed its focus on growing its group and individual annuity products, which currently bring in over 70% of its total revenues. This line has proven to be a valuable complement to the asset management services offered by its StanCorp affiliates.

The Company's group and individual business is sold through marketing representatives in conjunction with licensed independent producers. The Company reported direct business over the past five years, as follows:

Line of Business	**2020**	**2019**	**2018**	**2017**	**2016**
Life					
Ordinary	$ 8,447	$ 27,478	$ 32,501	$ 25,552	$ 23,138
Credit	-	-	-	-	-
Group	31,930,234	32,188,907	31,802,727	33,075,070	31,267,866
Industrial	-	-	-	-	-
Total Life Premiums	$ 31,938,681	$ 32,216,385	$ 31,835,228	$ 33,100,622	$ 31,267,866
Accident & Health					
Group	$ 48,737,779	$ 50,871,970	$ 74,056,530	$ 76,167,036	$ 75,008,277
Individual	-	-	-	-	-
Other	4,015,325	5,059,291	6,407,426	6,975,183	7,389,635
Total A&H Premiums	52,753,104	$ 55,931,261	$ 80,463,956	$ 83,673,850	$ 82,397,912
Total Direct Premiums	$ 84,691,785	$ 88,147,646	$112,299,184	$117,042,169	$113,688,916

At year-end 2020 the Company reported direct business in the States it is authorized in, as follows:

State		Direct Premiums Written Life		A & H
Alabama	$	17,974,388	$	19,970,316
Alaska		1,329,545		2,239,724
Arizona		7,813,265		17,005,178
Arkansas		12,583,335		12,816,510
California		130,174,334		287,498,854
Colorado		30,464,414		43,958,938
Connecticut		13,274,129		21,389,033
Delaware		1,952,990		4,088,865
District of Columbia		19,437,465		26,122,788
Florida		78,911,573		129,302,076
Georgia		38,368,514		67,219,281
Hawaii		1,584,157		2,336,399
Idaho		18,316,264		11,768,270
Illinois		40,827,330		67,682,278
Indiana		17,997,164		23,900,820
Iowa		15,221,350		22,932,317
Kansas		33,559,074		14,483,924
Kentucky		6,294,564		14,602,981
Louisiana		12,058,354		21,039,585
Maine		4,725,017		7,112,684
Maryland		14,240,846		17,739,939
Massachusetts		18,990,462		39,159,836
Michigan		10,633,746		23,329,470
Minnesota		31,409,218		55,356,237
Mississippi		1,837,805		5,701,778
Missouri		48,398,878		40,346,686
Montana		6,651,148		7,139,465
Nebraska		4,569,333		8,420,433
Nevada		15,712,556		22,854,787
New Hampshire		5,918,523		7,162,285
New Jersey		11,056,473		44,955,206
New Mexico		22,612,655		7,549,521
New York		4,413,652		5,071,801
North Carolina		11,119,428		35,729,928
North Dakota		3,240,498		9,093,310
Ohio		19,063,705		32,359,070
Oklahoma		9,421,551		10,436,449
Oregon		54,598,848		104,811,201
Pennsylvania		33,251,432		51,527,889
Rhode Island		7,268,189		6,607,924
South Carolina		20,142,003		46,435,695
South Dakota		2,372,832		4,185,680

Tennessee	12,337,232	25,045,217
Texas	64,434,286	126,527,580
Utah	4,382,511	16,896,669
Vermont	3,100,380	8,707,471
Virginia	30,759,124	52,597,165
Washington	25,644,531	87,306,125
West Virginia	1,910,687	7,659,868
Wisconsin	20,769,246	38,957,102
Wyoming	3,016,570	4,771,580
Guam	8,324,892	2,589,841
Puerto Rico	22,481	77,450
U.S. Virgin Is.	9,063,464	885,670
Northern Mariana Islands	2,120	-
Canada	26,871	94,985
Aggregate other alien	136,163	85,000
Total of states and territories	$ 1,043,721,565	$ 1,775,647,134

GROWTH OF THE COMPANY

Growth of the Company over the past five years is reflected in the following schedule. Amounts were derived from Company's filed annual statements, except in those years where a report of examination was published by the Oregon Division of Financial Regulation.

Year	Assets	Liabilities	Capital and Surplus	Net Income (Loss)
2016	$ 14,680,639,785	$ 13,640,268,447	$ 1,040,371,338	$ 144,761,144
2017	15,813,629,315	14,705,260,107	1,108,369,208	178,243,670
2018	16,420,319,837	15,126,339,249	1,293,980,588	201,609,372
2019	17,629,664,627	16,185,979,607	1,443,685,020	197,909,031
2020 *	19,405,741,716	17,865,327,136	1,540,414,580	203,754,893

*Per examination

LOSS EXPERIENCE

The following exhibit reflects the annual mortality and loss experience of the Company over the last five years. The amounts were compiled from copies of the Company's filed annual statements and, where indicated, from examination reports.

Year	(A) Death Benefits Incurred	(B) Reserves Released	(A) - (B) Net Benefits (Actual)	Tabular Cost (Expected)	Ratio of Actual to Expected Mortality
2016	$ 114,734,185	$ 26,510,071	$ 88,224,114	$ 723,780,652	12.2%
2017	86,567,670	25,460,804	61,106,866	770,065,316	7.9%
2018	88,717,259	23,837,385	64,879,874	808,383,208	8.0%
2019	82,433,132	20,434,698	61,998,434	860,069,088	7.2%
2020 *	105,813,124	21,066,379	84,746,745	918,270,396	9.2%

*Per examination

The following exhibit reflects the annual accident and health (A&H) underwriting results of the Company over the last five years. The amounts were compiled from Schedule H of the Company's filed annual statements and, where indicated, from the previous examination reports.

Year	(1) Premium Earned	(2) Incurred Claims	(2)/(1) Pure Loss Ratio	(3) Incurred Expenses	(2)+(3)/(1) Combined Loss Ratio
2016	$ 1,341,984,585	$ 1,050,922,618	78.3%	$ 457,590,747	112.4%
2017	1,437,457,908	1,090,341,100	75.9%	506,173,491	111.1%
2018	1,472,271,818	1,080,363,994	73.4%	513,834,207	108.3%
2019	1,519,455,486	1,023,702,592	67.4%	530,535,183	102.3%
2020*	1,621,173,630	1,229,487,453	75.8%	571,659,982	111.1%

* Per examination

A combined claims and expense to premium ratio in excess of 100% typically indicates an underwriting loss. The Company reported underwriting losses in each of the past five years.

REINSURANCE

Assumed

No significant changes occurred in the Company's assumed business since the last examination. The Company assumes business under indemnity agreements with the following insurers:

Northwestern Mutual Life Insurance Company

Effective January 1, 1988, the Company participates in a reinsurance and third party administration arrangement with Northwestern Mutual Life Insurance Company (NMLIC – NAIC #67091) under which NMLIC group long- and short-term products are sold using NMLIC's agency distribution system. As of September 1, 2017, this venture was expanded to include Group Term Life/AD&D products. Generally, the Company assumes 60% of the risk and receives 60% of the premiums for the policies issued. If the Company were not able to meet its obligations, NMLIC would retain the reinsured liabilities. As a result, in accordance with an agreement, the Company established a trust for the benefit of NMLIC with the market value of the assets in the trust equal to NMLIC's reinsurance receivable from the Company. This agreement was updated on January 1, 2018, but the key terms remain the same.

Minnesota Life Insurance Company

Effective October 1, 2000, the Company assumed the individual disability insurance business of Minnesota Life Insurance Company (NAIC #66168) by paying a ceding commission of approximately $55 million; thereupon it received approximately $500 million in assets and corresponding statutory liabilities. If the Company is unable to meet its obligations under the agreement, Minnesota Life would retain the reinsured liabilities. As a result, the Company established a trust for the benefit of Minnesota Life with the market value of assets in the trust equal to Minnesota Life's reinsurance receivable from the Company. The market value of assets required to be maintained in the trust is determined quarterly. At December 31, 2020, it was $566.9

million. Accompanying the transaction was a national marketing agreement that provides access to Minnesota Life agents, some of whom now market the Company's individual A&H insurance products. The national marketing agreement remained in effect through 2020.

TIAA-CREF Life Insurance Company

Effective October 1, 2002, the Company entered into a reinsurance agreement with TIAA-CREF Life Insurance Company (TIAA – NAIC #69345) to assume their group disability and group life insurance business. This business included approximately 1,800 group contracts, representing 650,000 insured individuals. The Company paid a ceding commission of approximately $75 million and received approximately $705 million in assets and corresponding statutory liabilities. If the Company were not able to meet its obligations, TIAA would retain the reinsured liabilities. As a result, per the agreement, the Company established a trust for the benefit of TIAA with the market value of assets equal to TIAA's reinsurance receivable. All of these group policies have subsequently terminated or have been rewritten as either the Company or SNY contracts by December 31, 2005. As of December 31, 2020, there remained approximately $80 million in reinsured liabilities acquired from TIAA.

Ceded

The Company cedes risks to a number of carriers under agreements or treaties for both its life and disability business.

Group Life

On June 4, 2014, StanCorp Financial Group created StanCap Insurance Company. Effective September 30, 2014, StanCap Insurance Company entered into a reinsurance agreement with the Company to reinsure the majority of their group life and AD&D business. StanCap is considered a pure captive of the Company and is 100% owned by StanCorp Financial Group, Inc. The business is coinsured on a claims-paid basis, thus eliminating the need for reserve credits. StanCap is not expected to reinsure any business written by SNY.

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

The Company cedes Group Term Life and AD&D risks under two other main agreements; a group YRT agreement with RGA Reinsurance Company (1997), and a group YRT agreement with SCOR Global Life USA Reinsurance Company (2014). The per person maximum retention on group life and AD&D is set at $750,000. RGA assumes 70% of the risk in excess of the Company's per person retention with SCOR assuming the remaining 30%.

Catastrophe Excess of Loss on Group Life and AD&D

Effective July 1, 2020, the company entered into a Group Life and Accidental Death and Dismemberment (AD&D) Multi-Year Catastrophe Excess of Loss Reinsurance Contract with subscribing reinsurers identified in the Interests and Liabilities Agreements attached to the contract. Under the terms of the multi-layered Agreement, the Company's retention and the reinsurer's limit of liability are as follows:

Company's Retention		Reinsurer's Limit of Liability
First Excess	$75 million	$25 million; $50 million
Second Excess	$100 million	$100 million; $200 million
Third Excess	$200 million	$120 million; $240 million

Company's retention is related to the ultimate net loss in respect of each catastrophe accident. Reinsurers limit of liability is related to both the ultimate net loss in respect of each catastrophe accident (first amount); and the ultimate net loss in respect of all catastrophe accidents during any one contract year (second amount). The contract is effective until July 1, 2022, applying to catastrophe accidents occurring during the term of the contract. Paragraph B of Article 2 – Retention and Limit was amended effective July 1, 2021.

Individual Life

Effective January 1, 2001, the Company ceded its individual life insurance business to Protective Life Insurance Company (Protective Life – NAIC #68136, authorized in Oregon November 15, 1972), through a 100% coinsurance agreement. The Company received a ceding commission of approximately $90 million and transferred approximately $790 million in assets and corresponding liabilities. Associated with this agreement is an administrative services agreement, whereby Protective Life will perform all services related to the 100% coinsured policies, including accounting conversions, claims, billing, and preparation of quarterly and annual financial statements. If Protective Life cannot meet its obligations, the Company would retain the reinsured liabilities. As a result, the liabilities remain on the Company's balance sheet with an equal amount recorded as a reinsurance receivable. Per the agreement, Protective Life established a trust for the benefit of the Company with assets in the trust required to be equal to the Company's reinsurance receivable from Protective Life. The required amount of assets to be maintained is determined quarterly.

Individual Disability

Most new business on individual guaranteed renewable and non-cancelable disability policies are covered by reinsurance agreements with Munich American Reassurance Company (NAIC #66346, authorized in Oregon October 3, 1986). Coverage for Guaranteed Standard Issue and business overhead expense policies were closed to newly issued coverage as of 1/1/2020. Reinsurance on existing Guaranteed Standard Issue and business overhead expense policies issued before 1/1/2020 has not changed.

Group Disability

The Company cedes, under several Yearly Renewable Term (YRT) agreements, its group A&H business, including group long-term disability, pension contribution benefits and employee income protection (EIP). Under the terms of the agreements, the Company retains the first $15,000 of gross monthly risks per person.

A&H Involving Individual Disability and Group Long-Term Disability

A&H involving LTD are ceded by the Company under various agreements, mainly to RGA Reinsurance Company. Maximum retention limits are $15,000 per risk of monthly benefits for group long-term disability lines. Individual Disability is ceded under various agreements to Munich American Reassurance Company with a retention of $6,000 per risk of monthly benefits.

Dental and Vision Risks

The Company and Ameritas Life Insurance Corporation entered into a reinsurance agreement in 2002 that was amended and restated in 2010. Under the agreement, the Company cedes 50% of voluntary and 15% of non-voluntary dental and vision risks to Ameritas on a quota share basis. The agreement provided for 26.5% of the net dental premiums written by he Company and the risk associated with this premium to be ceded to Ameritas. The alliance with Ameritas allows the Company's policyholders more flexible dental coverage options and access to their nationwide preferred provider organization panel of dentists.

Group Dental

Effective January 1, 2001, the Company entered into a strategic marketing alliance with Ameritas Life Insurance Corporation (NAIC #61301, authorized in Oregon January 2, 1898), to offer access to dental coverage options and access to Ameritas' nationwide preferred provider panel of dentists. The Company entered into a coinsurance agreement to cede 21% of the net dental premiums and associated risks to Ameritas. Each of the reinsurance agreements described above contained a proper insolvency clause that specified payments would be made to a statutory successor without diminution in accordance with ORS 731.508(3), as required to take reserve credits for reinsurance ceded.

Catastrophe Reinsurance

The Company maintains a traditional catastrophe reinsurance program. Some level of catastrophe reinsurance has been maintained since October 1, 2005. Effective July 1, 2020, catastrophe coverage provides cover for 50% of certain catastrophe claims in excess of $75 million and up to $300 million. Reinsurers participating in this contract include Endurance Worldwide Insurance Limited, Lloyd's Syndicates, RGA Reinsurance Company, and Zurich American Insurance Company.

General

The maximum retained risk on any one person is $750,000 for life and annuity products and $15,000 per month for disability products. In view of the Company's adjusted capital and surplus of $1,540,414,580 at December 31, 2020, it does not maintain risk on any one subject in excess of 10% of its surplus to policyholders, in compliance with ORS 731.504.

Fixed annuity

Effective January 1, 2018, the company entered into a Fixed Annuity Reinsurance Agreement with Commonwealth Annuity and Life Insurance Company. Under the agreement, the Company agrees to cede its deferred annuity business with guaranteed minimum interest rates at or in excess of 3%. At the closing date, the Company transferred assets to a trust maintained by Commonwealth with the Company named as the beneficiary. At year end 2020, the Company has an account value of $330 million that is subject to this agreement.

ACCOUNTS AND RECORDS

In general, the Company's records and source documentation supported the amounts presented in the Company's December 31, 2020, annual statement and were maintained in a manner by which the financial condition was readily verifiable pursuant to the provisions of ORS 733.170.

STATUTORY DEPOSIT

The Company reported two US Treasury securities on deposit; a US Treasury Bond with a par value of $3,400,000 and a US Treasury Note with a par value of $450,000, placed with the Department of Consumer and Business Services, Division of Financial Regulation. These securities were confirmed with the Insurance Institutions section. The deposits were verified from the records of the Insurance Departments and were listed in the 2020 annual statement on Schedule E – Part 3.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

There were no adjustments made to surplus and no recommendations or comments were made in the prior report of examination.

SUBSEQUENT EVENTS

The COVID-19 pandemic has continued to develop throughout 2020, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. At the time of releasing this report, the examination's review of the Company noted that there has not been a significant impact, primarily due to the Company shifting its workforce to a remote work-from-home model. Alternatively, there are no known material concerns or findings related to the insurer's operations, solvency, and liquidity. The Oregon Division of Financial Regulation has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Division continues to closely monitor the impact of the pandemic on the Company and will take necessary actions if a solvency concern arises.

Effective July, 2021, Greg Ness, Chief Executive Officer (CEO) and Chairman of the Board, retired from his position as CEO. Daniel McMillan, President and Chief Operating Officer, was promoted to fill the position.

Effective January 2021, Holley Franklin, Vice President, Chief Legal Officer & Corporate Secretary, retired. Elizabeth Fouts, Assistant Vice President, Associate Counsel, and Assistant Corporate Secretary was promoted to fill the position.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Division of Financial Regulation and present the financial condition of the Company for the period ending December 31, 2020. 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. These statements include:

Statement of Assets
Statement of Liabilities, Surplus and Other Funds
Summary of Operations
Reconciliation of Capital and Surplus Since the last Examination

STANDARD INSURANCE COMPANY
ASSETS
As of December 31, 2020

Assets	Balance per Company	Examination Adjustments	Balance per Examination	Notes
Bonds	$ 10,710,087,974	$ -	$ 10,710,087,974	1
Preferred stocks	2,100,000	-	2,100,000	
Common stocks	45,672,200	-	45,672,200	1
Mortgage loans	7,421,910,237	-	7,421,910,237	2
Real estate				
Properties occupied by Company	67,195,423	-	67,195,423	
Properties held for the production of income	10,001,431	-	10,001,431	
Cash, cash equivalents and short-term investments	198,419,884	-	198,419,884	1
Contract loans	553,518	-	553,518	
Derivatives	47,135,584	-	47,135,584	
Other invested assets	163,864,402	-	163,864,402	
Receivables for securities	51,674,801	-	51,674,801	
Aggregate write-ins for invested assets	-	-	-	
Subtotal, cash and invested assets	18,718,615,454	-	18,718,615,454	
Investment income due and accrued	125,502,891	-	125,502,891	
Premiums and considerations				
Uncollected premiums, agents' balances in course of collection	124,595,488	-	124,595,488	
Deferred premiums, agents' balances	265,152	-	265,152	
Accrued retrospective premium	6,423,613	-	6,423,613	
Reinsurance				
Amounts recoverable from reinsurers	214,201,786	-	214,201,786	
Other amounts receivable under reinsurance contracts	51,713,775	-	51,713,775	
Amounts receivable relating to uninsured plans	4,786,104	-	4,786,104	
Current FIT recoverable	14,869,104	-	14,869,104	
Net deferred tax asset	115,724,857	-	115,724,857	
Guaranty funds receivable or on deposit	11,288,715	-	11,288,715	
EDP Equipment and software	9,304,231	-	9,304,231	
Receivable from parent, subsidiaries and affiliates	1,950,240	-	1,950,240	
Aggregate write-ins for other than invested assets	6,500,369	-	6,500,369	
Total assets excluding Separate Accounts	19,405,741,716	-	19,405,741,716	
From Separate Accounts	10,176,140,763	-	10,176,140,763	
Total Assets	$ 29,581,882,479	$ -	$ 29,581,882,479	

STANDARD INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS
As of December 31, 2020

	Balance per Company	Examination Adjustments	Balance per Examination	Notes
Aggregate reserve for life contracts	$ 10,556,442,575	$ -	$ 10,556,442,575	3
Aggregate reserve for a&h contracts	4,265,921,949	-	4,265,921,949	3
Liability for deposit-type contracts	1,784,163,370	-	1,784,163,370	3
Contract claims		-		3
Life	152,624,019	-	152,624,019	3
Accident and health	81,871,559	-	81,871,559	3
Policyholders' dividends	7,929		7,929	
Dividends apportioned for payment	99,151		99,151	
Premium and annuity considerations received in advance	13,755,181	-	13,755,181	3
Provision for experience rated refunds	51,514,554	-	51,514,554	
Other amounts payable on reinsurance ceded	231,156,478	-	231,156,478	
Interest maintenance reserve	-	-	-	
Commissions to agents due or accrued	33,448,997	-	33,448,997	3
General expenses due or accrued	300,467,023	-	300,467,023	
Taxes, licenses and fees due or accrued	13,291,352	-	13,291,352	
Current federal income tax payable	-	-	-	
Net deferred tax liability	-	-	-	
Unearned investment income	117,174		117,174	
Amounts withheld or retained for the account of others	22,455,322	-	22,455,322	
Amounts held for agents' account	112		112	
Remittances and items not allocated	104,794,212	-	104,794,212	
Asset valuation reserve	167,578,377	-	167,578,377	
Payable to parent, subsidiaries and affiliates	2,401,555	-	2,401,555	
Liability for amounts held under uninsured plans	665		665	
Derivatives	19,513,705		19,513,705	
Payable for securities	10,051,555		10,051,555	
Aggregate write-ins for liabilities	53,950,322	-	53,950,322	
Total labilities excluding Separate Accounts	17,865,327,136	-	17,865,327,136	
From Separate Accounts	10,176,140,763	-	10,176,140,763	
Total Liabilities	$ 28,041,467,899	$ -	$ 28,041,467,899	
Common capital stock	$ 423,838,694	$ -	$ 423,838,694	
Surplus notes	250,000,000	-	250,000,000	
Gross paid-in and contributed capital	71,132,832	-	71,132,832	
Unassigned funds (surplus)	795,443,054	-	795,443,054	
Capital and Surplus	1,116,575,886	-	1,116,575,886	
Total Liabilities, Surplus and other Funds	$ 29,581,882,479	$ -	$ 29,581,882,479	

STANDARD INSURANCE COMPANY
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2020

	Balance per Company	Examination Adjustments	Balance per Examination	Notes
Premiums and annuity considerations	$ 6,350,555,438	$ -	$ 6,350,555,438	
Considerations for supplementary contracts with life contingencies	2,168,869	-	2,168,869	
Net investment income	615,670,215	-	615,670,215	
Amortization of Interest Maintenance Reserve	612,492	-	612,492	
Commissions and expense allowances on reinsurance ceded	235,255,240	-	235,255,240	
Income from fees	38,056,609	-	38,056,609	
Charges and fees for deposit-type contracts	30	-	30	
Aggregate write-ins for misc income	14,137,362	-	14,137,362	
Total	7,256,456,255	-	7,256,456,255	
Death benefits	105,813,124	-	105,813,124	
Annuity benefits	1,227,125,693	-	1,227,125,693	
Disability and a&h benefits	1,087,784,051	-	1,087,784,051	
Surrender benefits and withdrawals for life contracts	2,486,723,975	-	2,486,723,975	
Interest and adjustments on contracts or deposit-type contract funds	21,851,126	-	21,851,126	
Payments on supplementary contracts with life contingencies	5,000,829	-	5,000,829	
Increase in aggregate reserves for life and a&h	1,613,725,382	-	1,613,725,382	
Total benefits	6,548,024,180	-	6,548,024,180	
Commissions on premiums, annuity considerations and deposit-type funds	254,281,525	-	254,281,525	
Commissions and expense allowances on reinsurance assumed	1,973,817	-	1,973,817	
General insurance expense	614,609,577	-	614,609,577	
Insurance taxes, licenses and fees	78,046,165	-	78,046,165	
Increases in loading on deferred and uncollected premiums	231,877	-	231,877	
Net transfers to/(from) Separate Accounts	(443,337,800)	-	(443,337,800)	
Aggregate write ins for deductions	1,203,500	-	1,203,500	
Total benefits and expenses	7,055,032,841	-	7,055,032,841	
Net gain from operations	201,423,414	-	201,423,414	
Less:				
Dividends to policyholders	101,198	-	101,198	
Federal income taxes incurred	(15,316,647)	-	(15,316,647)	

Net realized capital gains (losses)	12,883,970	-	12,883,970
Net income	$ 203,754,893	$ -	$ 203,754,893

STANDARD INSURANCE COMPANY
RECONCILIATION OF SURPLUS SINCE THE LAST EXAMINATION
For the Year Ended December 31,

	2020	2019	2018	2017	2016
Surplus as regards policyholders, December 31, previous year	$1,443,685,020	$1,293,980,588	$1,108,369,208	$1,040,371,338	$1,085,027,920
Net income (loss)	203,754,893	197,909,031	201,609,372	178,243,670	144,761,144
Change in net unrealized capital gains or (losses)	(928,942)	10,484,663	(9,197,686)	1,907,191	5,682,457
Change in net deferred income tax	(2,567,614)	30,601,073	12,256,766	(105,508,537)	29,503,719
Change in non-admitted assets	(2,199,687)	(44,715,737)	(13,611,623)	68,097,505	(46,334,266)
Change in liability for reinsurance in unauthorized and certified companies	-	-	-	66	-
Change in reserve on account of change in valuation basis	2,513,204	49,596,395	-	-	(21,353,377)
Change in asset valuation reserve	(16,345,091)	(23,186,249)	(8,404,817)	(7,351,406)	(7,881,168)
Change in surplus notes	-	-	-	-	-
Cumulative effects of changes in accounting principles	-	-	-	-	-
Capital changes:					
Paid in	-	-	-	-	-
Transferred from surplus (Stock Dividend)	-	-	-	-	-
Transferred to surplus	-	-	-	-	-
Surplus adjustments:					
Paid in	-	-	-	-	28,985,138
Transferred to capital (Stock Dividend)	-	-	-	-	-
Transferred from capital	-	-	-	-	-
Change in surplus as a result of reinsurance	(906,986)	(891,380)	(868,847)	(830,209)	(862,725)
Dividends to parent (cash)	(85,000,000)	(70,000,000)	-	(72,000,000)	(179,000,000)
Change in treasury stock	-	-	-	-	-
Examination adjustment	-	-	-	-	-
Aggregate write-ins for gains and losses in surplus	(1,590,218)	(93,364)	3,828,216	5,439,590	1,932,495
Change in surplus as regards policyholders for the year	96,729,560	149,704,432	185,611,380	67,997,870	(44,656,583)
Surplus as regards policyholders, December 31, current year	$1,540,414,580	$1,443,685,020	$1,293,980,588	$1,108,369,208	$1,040,371,338

NOTES TO FINANCIAL STATEMENTS

Note 1 – Invested Assets

At year-end 2020, the Company's long-term bond investments were diversified in US government obligations, US federal agency obligations, State and municipal obligations and corporate issues. The Company also had exposure to mortgaged-backed and asset-backed securities. All but approximately $30 million in MBS/ABS issues were investment rated at year-end 2020, and the carrying book value of $1.538 billion comprised 14.4% of the total long-term bond portfolio, and 8.2% of all invested assets.

Common stocks were comprised solely in the stock of the Federal Home Loan Bank of Des Moines. The Company had completely divested from all other common stocks during the credit crisis in 2007.

The Company reported no short-term deposits. Cash equivalents were comprised of two money market mutual funds. Cash was held in operational accounts in a number of depositories.

A comparison of the major investments over the past five years shows the following:

Year	A Bonds	B Common Stocks	C Cash and Short-term	Ratio A/ Total Assets	Ratio B/ Total Assets	Ratio C/ Total Assets
2016	$7,850,290,076	$ 29,187,300	$ 78,889,873	36.0%	0.1%	0.4%
2017 *	8,269,970,291	36,907,900	241,825,327	34.5%	0.1%	1.0%
2018	8,863,229,810	35,973,000	131,127,428	37.1%	0.1%	0.5%
2019	9,842,508,630	41,135,800	60,991,597	36.9%	0.1%	0.2%
2020 *	10,710,087,974	45,672,200	198,419,884	36.2%	0.1%	0.7%

For management of certain investments that is not done internally, the Company primarily uses two third-party investment managers. PineBridge Investments, LLC is used to manage its high yield portfolio and, although the structured securities portfolio is predominantly managed internally, Pacific Investment Management Company, LLC is used to manage a small portion of its structured securities that is in runoff. The Board of Directors approved the investment transactions in each of the years under review, pursuant to ORS 733.740. As of December 31, 2020, sufficient assets were invested in amply secured obligations of the United States, the State of Oregon, or in FDIC insured cash deposits, and the Company was in compliance with ORS 733.580.

Effective January 10, 2002, the Company entered into a custodial agreement with BNY Mellon. The agreement contained all of the relevant protections described in OAR 836-027-0200(4)(a) through (1).

Note 2 – Mortgage Notes

The Company's mortgage loan portfolio is the second largest asset class on the balance sheet, representing 25% of total admitted assets and 40% of invested assets at December 31, 2020. The portfolio is primarily made up of mortgage notes on commercial properties leased or rented out to third-party tenants. The mortgage loan process, including origination, approval, funding and post-closing management, is performed by StanCorp Mortgage Investors, LLC, (SMI), an affiliate, under a management agreement described earlier. All loans reported on Schedule B of the 2020 Annual Statement were in compliance with ORS 733.600.

Note 3 - Actuarial Reserves

A review of the unpaid claims and claim adjustment expense reserves for the Company was performed by David M. Dillon, FSA, MAAA, MS, Michael A. Mayberry, FSA, MAAA, and Traci Hughes, FSA, MAAA, consulting actuaries with the firm Lewis & Ellis, Inc. Additionally, the actuaries reviewed the aggregate reserves for life, annuity, and accident and health contracts indicated on the Company's separate accounts statement and reviewed the Company's 2020 Asset Adequacy Analysis.

The examination actuary also identified the most significant risks facing the Company, identified controls or processes in place to mitigate the risks, and performed additional substantive testing as needed. Further, Mr. Dillon relied on work performed by the examination team who reviewed the underlying claims data used to create the Annual Statement filing. Based on their review, the following reserve liabilities on December 31, 2020, were:

	Exam Estimate	Annual Statement
Aggregate Reserves for Life Contracts	$10,556,442,575	$10,556,442,575
Aggregate Reserves for A&H Contracts	$4,265,921,949	$4,265,921,949
Liability for Deposit-Type Contracts	$1,784,163,370	$1,784,163,370
Contract Claims: Life	$152,624,019	$152,624,019
Contract Claims: A&H	$81,871,559	$81,871,559
Advance Premiums	$13,755,181	$13,755,181
Net Experience Refund Liability	$45,090,941	$45,090,941
Commissions Due	$33,448,997	$33,448,997
A&H Expense Reserve	$189,928,000	$189,928,000
Total Actuarial Liabilities	$17,123,246,591	$17,123,246,591

The appointed actuary opined that the reserves carried by the Company as of December 31, 2020, were reasonable. Mr. Dillon concluded that the reserve liabilities were found to be accurately calculated and sufficient based upon asset adequacy analysis.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

This Report of Examination made no adjustments to surplus and there were no recommendations.

CONCLUSION

During the five-year period covered by this examination, the surplus of the Company has increased from $1,085,027,290, as presented in the December 31, 2015, report of examination to $1,540,414,580, as shown in this report. The comparative assets and liabilities are:

	December 31, 2020	December 31, 2015	Change
Assets	$19,405,741,716	$13,750,153,730	$5,655,587,986
Liabilities	17,865,327,136	12,665,125,810	5,200,201,326
Surplus	$ 1,540,414,580	$ 1,085,027,920	$ 455,386,660

ACKNOWLEDGMENT

The cooperation and assistance extended by the officers and employees of the Company during the examination process are gratefully acknowledged.

In addition to the undersigned, Mark A. Giffin, CFE, Jordan W. Mills, AFE, and Maanik C. Gupta, CFE, insurance examiners for the State of Oregon, Department of Consumer and Business Services, Division of Financial Regulation, participated on this examination. Barbara A. Bartlett, CPA, MBA, CFE, Senior Manager, Barry W. Lupus, CFE, CPA, CFE (Fraud), Supervising Financial Examiner, and Eric Free, CFE, ALMI, Senior Manager, from Risk & Regulatory Consulting, LLC participated in this examination. David M. Dillon, FSA, MAAA, MS, Michael A. Mayberry, FSA, MAAA, and Traci Hughes, FSA, MAAA, senior consulting actuaries with the firm Lewis & Ellis, Inc., participated in the review of the reserving activity.

/s/ Tho Le

Tho Le, CFE, PIR
Senior Insurance Examiner
Division of Financial Regulation
Department of Consumer and Business Services
State of Oregon

AFFIDAVIT

STATE OF OREGON)

County of Marion)

Tho Le, CFE, PIR, being duly sworn, states as follows:

1. I have authority to represent the state of Oregon in the examination of Standard Insurance Company, Portland, Oregon.

2. The Division of Financial Regulation of the Department of Consumer and Business Services of the State of Oregon is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination report. The examination of Standard Insurance Company was performed in a manner consistent with the standards and procedures required by the Oregon Insurance Code.

The affiant says nothing further.

/s/ Tho Le

Tho Le, CFE, PIR
Senior Insurance Examiner
Division of Financial Regulation
Department of Consumer and Business Services
State of Oregon

Subscribed and sworn to before me this 4th day of October, 2022.

/s/ Lauren Nicole Bodine
Notary Public in and for the State of Oregon

My Commission Expires: 3/10/2026

OFFICIAL STAMP
LAUREN NICOLE BODINE
NOTARY PUBLIC - OREGON
COMMISSION NO. 1021742
MY COMMISSION EXPIRES MARCH 10, 2026