

STATE OF INDIANA ) BEFORE THE INDIANA  
 ) SS:  
COUNTY OF MARION ) COMMISSIONER OF INSURANCE

IN THE MATTER OF: )  
 )  
**The Lincoln National Life Insurance Company** )  
**1301 South Harrison Street** )  
**Fort Wayne, Indiana 46802-3425** )

Examination of: **The Lincoln National Life Insurance Company**


**NOTICE OF ENTRY OF ORDER**

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of The Lincoln National Life Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of The Lincoln National Life Insurance Company, shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

June 24, 2024  
Date

  
Roy Eft  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 6963**

STATE OF INDIANA )  
 ) SS: BEFORE THE INDIANA  
COUNTY OF MARION ) COMMISSIONER OF INSURANCE

IN THE MATTER OF: )  
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**The Lincoln National Life Insurance Company** )  
**1301 South Harrison Street** )  
**Fort Wayne, Indiana 46802-3425** )

Examination of: **The Lincoln National Life Insurance Company**

**FINDINGS AND FINAL ORDER**

The Indiana Department of Insurance conducted an examination into the affairs of The Lincoln National Life Insurance Company (hereinafter “Company”) for the time period January 1, 2018 through December 31, 2022.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 31, 2024.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on June 11, 2024, and was received by the Company on June 11, 2024.

On June 18, 2024 pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company’s response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2022.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance laws of the state of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, as amended, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination, as amended. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 24 day of  
June, 2024.

  
\_\_\_\_\_  
Amy L. Beard  
Insurance Commissioner

## ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

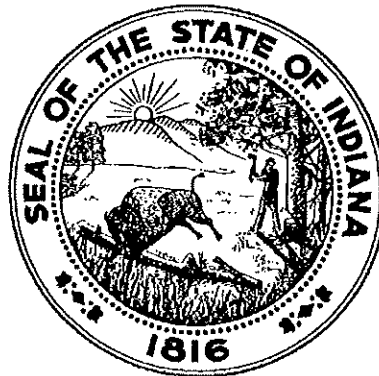
**STATE OF INDIANA**  
**Department of Insurance**  
**REPORT OF EXAMINATION**  
**OF**

**THE LINCOLN NATIONAL LIFE INSURANCE COMPANY**

NAIC Co. CODE 65676  
NAIC GROUP CODE 0020

As of

December 31, 2022



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# STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

**Indiana Department of Insurance**

Amy L. Beard, Commissioner  
311 W. Washington Street, Suite 103  
Indianapolis, Indiana 46204-2787  
Telephone: 317-232-2385  
Fax: 317-234-2103  
Website: [in.gov/idoi](http://in.gov/idoi)

May 31, 2024

Honorable Amy L. Beard, Commissioner  
Indiana Department of Insurance  
311 West Washington Street, Suite 300  
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4134, an examination has been made of the affairs and financial condition of:

**The Lincoln National Life Insurance Company**  
**1301 South Harrison Street**  
**Fort Wayne, Indiana 46802-3425**

hereinafter referred to as the "Company", or "LNL", an Indiana domestic stock, life and annuity insurance company. The examination was conducted remotely with assistance from the corporate offices of the Company in Radnor, Pennsylvania.

The Report of Examination, reflecting the status of the Company as of December 31, 2022, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389    COMPANY COMPLIANCE 317-232-3495    CONSUMER SERVICES 317-232-2395/1-800-622-4461    FINANCIAL SERVICES 317-232-2390    MEDICAL MALPRACTICE 317-232-5253    COMPANY RECORDS 317-232-2383    STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

## SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2013 through December 31, 2017. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2018 through December 31, 2022, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (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.

The examination of the Indiana domestic insurance companies of Lincoln Financial Group (LFG) was called by the INDOI in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The INDOI served as the lead state on the examination, and the INDOI, New York State Department of Financial Services, South Carolina Department of Insurance, and Vermont Department of Financial Regulation served as participants.

Mark Alberts, FSA, MAAA, of Alberts Actuarial Consulting, LLC, has provided all actuarial services throughout the examination and conducted a review of the Company's actuarial-related risks as of December 31, 2022.

Winthrop Capital Management provided all investment specialist services throughout the examination and conducted a review of the Company's investment-related risks as of December 31, 2022.

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 the Indiana Code (IC) 27-1-3.1-10 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/or the Company.

## HISTORY

LNL was incorporated as a business corporation under the laws of the state of Indiana in June 1905 and commenced business in September 1905. Its statutory home office is in Fort Wayne, Indiana. The Company is a wholly-owned subsidiary of Lincoln National Corporation (LNC), which operates multiple insurance and investment management businesses through subsidiary companies. LNC is a publicly-traded holding company domiciled in the state of Indiana, and maintains its principal executive offices in Radnor, Pennsylvania. The Company's principal business consists of underwriting annuities and life insurance contracts within its primary markets.

The Company owns 100% of the outstanding common stock of Lincoln Life & Annuity Company of New York (LLANY). The Company also owns the following captive reinsurers: Lincoln Reinsurance Company of South Carolina (LRCS), Lincoln Reinsurance Company of Vermont I (LRCVI), Lincoln Reinsurance Company of



Vermont III (LRCVIII), Lincoln Reinsurance Company of Vermont IV (LRCVIV), Lincoln Reinsurance Company of Vermont V (LRCVV), Lincoln Reinsurance Company of Vermont VI (LRCVVI), and Lincoln Reinsurance Company of Vermont VII (LRCVVII). In addition, the Company owns several non-insurance companies, including Lincoln Financial Distributors, Inc. (LFD), Lincoln Financial Advisors Corporation (LFA), and Lincoln Investment Advisors Corporation (LIAC), among others.

### CAPITAL AND SURPLUS

LNC owned 100% of the Company's issued and outstanding stock as of the examination date. There were 10,000,000 authorized shares of common stock with a par value of \$2.50. All 10,000,000 shares were issued and outstanding throughout the examination period.

As of December 31, 2022, the Company had ten (10) surplus debentures or similar obligations issued and outstanding. The ten (10) notes have a total par value of \$1.5 billion. Seven (7) of the notes have fixed interest rates ranging from 4.00% to 9.76%. The remaining three (3) notes are tied to LIBOR+ interest rates ranging from 1.11% to 2.00%. Any payment of interest and repayment of principal may be paid only out of the Company's earnings, subject to approval by the INDOI. During the exam period, \$455.6 million of interest was paid on the surplus debentures and no principal payments were made. The Company obtained prior INDOI approval to repay the interest payments.

### DIVIDENDS TO STOCKHOLDERS

The Company paid the following dividends, (in 000s), to LNC during the examination period:

<u>Year</u>	<u>Total</u>	<u>Ordinary Dividends</u>	<u>Extraordinary Dividends</u>
2022	\$ 645,000	\$ 65,000	\$ 580,000
2021	1,910,000	495,000	1,415,000
2020	660,000	660,000	-
2019	600,000	-	600,000
2018	910,000	-	910,000
<b>Total</b>	<b>\$ 4,725,000</b>	<b>\$ 1,220,000</b>	<b>\$ 3,505,000</b>

In accordance with IC 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year's surplus or the net gain from operations of such insurer of the prior year. The Company paid three (3) extraordinary dividends totaling \$580 million in 2022, three (3) totaling \$1,415 million in 2021, four (4) totaling \$600 million in 2019, and three (3) totaling \$910 million in 2018. All extraordinary dividend payments during the examination period were made with the prior approval of the INDOI. Other dividends paid during the examination period were ordinary in nature and did not require prior regulatory approval. In accordance with IC 27-1-23-1.5, the Company notified the INDOI of all declared dividends to the parent during the examination period.

### TERRITORY AND PLAN OF OPERATION

The Company is licensed in all states except New York, as well as the District of Columbia and four (4) U.S. territories. The Company's primary business segments are annuities, group protection, life insurance, and

retirement plan services, and its principal business consists of underwriting annuities, deposit-type contracts, and life insurance through multiple distribution channels including LFD, LFA, Lincoln Financial Securities Corporation, and other broker dealers and specialty marketing organizations.

### Annuities

The Annuities segment provides tax-deferred investment growth and lifetime income opportunities for its clients by offering variable annuities, fixed (including indexed) annuities and indexed variable annuities. The “fixed” and “variable” classifications describe whether LFG or the contract holders bear the investment risk of the assets supporting the contract. The classification also determines the manner in which LFG earns investment margin profits from these products, either as investment spreads for fixed products, as asset-based fees charged to variable products, or as both, for indexed variable products. Annuities distributes its products through LFD, which distributes the products to a large number of financial intermediaries, including Lincoln Financial Network (LFN). The financial intermediaries include wire/regional firms, independent financial planners, financial institutions, registered investment advisers and managing general agents.

### Group Protection

The Group Protection segment offers group non-medical insurance products, including short- and long-term disability, and paid family medical leave administration and absence management services, term life, dental, vision and accident, critical illness and hospital indemnity benefits and services to the employer marketplace through various forms of employee and employer-paid plans. The segment markets to employer groups of all sizes, from fewer than 100 employees to over 10,000 employees. Group Protection markets its products primarily through a national distribution system. Employee sales representatives and marketing representatives develop brokers, consultants, and other employee benefit firms that work with employers to provide access to LFG’s products.

### Life Insurance

The Life Insurance business segment provides life insurance products including term insurance, both single and survivorship versions of indexed universal life insurance and variable universal life insurance products, fixed and variable linked-benefit products, and critical illness and long-term care riders. Life products can be “fixed” or “variable”, which describes whether the Company or the product holder bears the primary investment risk of the assets supporting the policy. Life Insurance sells its products through LFD, which provides the segment with access to the same financial intermediaries/distribution channels as Annuities, including LFN. LFD distributes bank-owned life insurance and corporate-owned life insurance products and services to banks and mid-to-large-sized corporations, primarily through intermediaries who specialize in one (1) or both markets and who are serviced through a network of internal and external LFD sales professionals.

### Retirement Plan Services

The Retirement Plan Services (RPS) segment primarily provides employers with retirement plan products and services in the employer-sponsored defined contribution retirement plan marketplace. Additionally, RPS serves the defined benefit plan, individual retirement account, and other employer-sponsored benefit markets on a limited basis. Investment vehicles offered include individual and group variable annuities, group fixed annuities or funding agreements, and mutual fund programs. Services offered include plan recordkeeping, compliance testing, participant education and financial wellness support, and trust and custodial services through Lincoln Financial Group Trust Company. RPS products are primarily distributed through LFG’s Institutional Retirement Distribution team and by LFD. Wholesalers distribute these products through advisers, consultants, banks, wire houses, and individual planners.

## GROWTH OF THE COMPANY

The following table summarizes the financial results, (in 000s), of the Company during the examination period\*:

Year	Admitted Assets	Liabilities	Surplus and Other Funds	Premiums and Annuities	Net Income
2022	\$ 280,561,801	\$ 272,229,300	\$ 8,332,501	\$ 22,150,289	\$ 1,963,820
2021	317,031,663	308,584,609	8,447,054	17,319,455	(576,397)
2020	294,982,188	286,478,753	8,503,435	23,004,135	104,882
2019	267,230,225	259,075,697	8,154,527	25,549,176	398,890
2018	238,248,101	230,168,393	8,079,708	25,384,270	1,019,643

\* The balances include immaterial rounding differences.

The decrease in net admitted assets and liabilities for 2022 was largely due to a decrease in separate accounts, resulting primarily from a decrease in investment performance attributable to unfavorable market conditions. The decline in surplus was mostly driven by a \$450 million charge related to the AG38 8D subtest review within the guaranteed universal life block.

The increase in net income was driven by the Company's indexed products, primarily registered index-linked annuities. In unfavorable markets, the interim value reserve decreases, driving operating earnings higher while the unrealized investment performance supporting these reserves declines.

## MANAGEMENT AND CONTROL

### Directors

The property and business of the company shall be managed by a Board of Directors (Board) not less than five (5) no more than sixteen (16) in number, which Board shall be constituted in conformity with the laws of the state of Indiana.

The following is a listing of persons serving as directors as of December 31, 2022, and their principal occupations as of that date\*:

Name and Address	Principal Occupation
Craig Todd Beazer King of Prussia, Pennsylvania	Executive Vice President and General Counsel Lincoln Financial Group
Jayson Reagan Bronchetti Swarthmore, Pennsylvania	Executive Vice President and Chief Investment Officer Lincoln Financial Group
Ellen Gail Cooper Gladwyne, Pennsylvania	President and Chief Executive Officer Lincoln Financial Group
Randal Jay Freitag * Devon, Pennsylvania	Executive Vice President and Chief Financial Officer Lincoln Financial Group
Keith James Ryan * Fort Wayne, Indiana	Vice President and Chief Financial Officer (Captives) Lincoln Financial Group

\* Effective January 18, 2023, Eric Brian Wilmer of Fort Wayne, Indiana, Assistant Vice President and Senior Counsel, succeeded Mr. Ryan as Board director. Effective February 17, 2023, Christopher Michael Neczypor of Haverford, Pennsylvania succeeded Mr. Freitag as Executive Vice President, Chief Financial Officer, and Board director.

### Officers

The Bylaws state that the elected officers of the Company shall consist of a President, a Secretary, and a Treasurer, and may also include a Chairman of the Board, a Chief Operating Officer, a Chief Financial Officer, one (1) or more Vice Presidents of a class or classes as the Board may determine, and such other officers as the Board may determine. The Chairman of the Board and the President shall be chosen from among the directors. Any two (2) or more offices may be held by the same person, except that the offices of President and Secretary may not be held by the same person.

The following is a list of key officers and their respective titles as of December 31, 2022:

<u>Name</u>	<u>Office</u>
Ellen Gail Cooper	President and Chief Executive Officer
Shantanu Mishra *	Senior Vice President and Treasurer
Elizabeth Ann Braswell	Vice President and Appointed Actuary
Nancy Smith	Secretary
Craig Todd Beazer	Executive Vice President
Jayson Reagan Bronchetti	Executive Vice President
Matthew Martin Grove *	Executive Vice President
John Christopher Kennedy	Executive Vice President
Christopher Michael Neczypor	Executive Vice President
James Waltman Reid	Executive Vice President
Kenneth Steven Solon	Executive Vice President

### **CONFLICT OF INTEREST**

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2022.

### **OATH OF OFFICE**

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2022.

### **CORPORATE RECORDS**

#### Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

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\* Effective February 8, 2024, Adam Maxwell Cohen, Senior Vice President and Chief Accounting Officer, succeeded Mr. Mishra as Treasurer. Effective May 16, 2024 Mathew Grove resigned as President Retail Solutions and Executive Vice President and was replaced by Brian Kroll, Head of Retail Life and Annuity Solutions and Executive Vice President.

### Bylaws

There were no amendments made to the Bylaws during the examination period.

### Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws state that the annual meeting of stockholders shall be held on the fourth Wednesday of May, or such earlier date as the Board may select. If the day fixed for an annual meeting shall be a legal holiday in the state of Indiana, such meeting shall be held on the next succeeding full business day. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year.

The LNC committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Audit Committee, Compensation Committee, Corporate Governance Committee, Finance Committee, and Investment Committee.

## AFFILIATED COMPANIES

### Organizational Structure

The following abbreviated organizational chart shows the Company's parent and subsidiaries or affiliates as of December 31, 2022:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
Lincoln National Corporation		IN
<b>The Lincoln National Life Insurance Company</b>	<b>65676</b>	<b>IN</b>
<b>Lincoln Life &amp; Annuity Company of New York</b>	<b>62057</b>	<b>NY</b>
<b>Lincoln Reinsurance Company of South Carolina</b>	<b>13028</b>	<b>SC</b>
<b>Lincoln Reinsurance Company of Vermont I</b>	<b>13693</b>	<b>VT</b>
<b>Lincoln Reinsurance Company of Vermont III</b>	<b>14116</b>	<b>VT</b>
<b>Lincoln Reinsurance Company of Vermont IV</b>	<b>14147</b>	<b>VT</b>
<b>Lincoln Reinsurance Company of Vermont V</b>	<b>15336</b>	<b>VT</b>
<b>Lincoln Reinsurance Company of Vermont VI</b>	<b>15854</b>	<b>VT</b>
<b>Lincoln Reinsurance Company of Vermont VII</b>	<b>16183</b>	<b>VT</b>
Lincoln Financial Distributors, Inc.		CT
Lincoln Financial Advisors Corporation		IN
Lincoln Investment Advisors Corporation		TN
<b>First Penn-Pacific Life Insurance Company</b>	<b>67652</b>	<b>IN</b>
Jefferson-Pilot Investments, Inc.		NC
Lincoln Investment Management Company		DE
<b>Lincoln Financial Reinsurance Company of Vermont</b>	<b>16318</b>	<b>VT</b>
Lincoln National Reinsurance Company (Barbados) Limited		Barbados

### Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

#### *Short-Term Cash Management Agreement*

As amended and restated effective July 17, 2013, the LNL is party to a Short-Term Cash Management Agreement with LNC, whereby the Company provides short-term demand loans to LNC, or from LNC to the Company, in exchange for receiving the taxable money market rate of interest. The Agreement was amended and restated again on August 1, 2022. Pursuant to this Agreement, LNC loaned \$297.2 million to LNL in 2022.

#### *Collateral Agency and Servicing Agreement*

Effective January 3, 2018, LNL and First Penn-Pacific Life Insurance Company (FPP) (collectively, “Lender”) entered into a Collateral Agency and Servicing Agreement with Jefferson-Pilot Investments, Inc. (Collateral Agent). Under the Agreement, the Lender appoints the Collateral Agent to serve as the Assignee under the Assignment of Proceeds for each U.S. Government Lease designated by the Lender. The duties of the Collateral Agent shall be administrative in nature. No amounts were paid pursuant to this Agreement in 2022.

#### *Sales and Participation Agreement*

Effective July 19, 2017, LNL entered into a Sale and Participation Agreement with FPP and certain other affiliates. Under this Agreement the lead lender will deduct from payments received from the borrower each participant’s pro rata share of any expenses incurred related to the servicing of the mortgage loans, including payment of the applicable monthly servicing fees to third parties. No participant will be charged any fees related to the purchase of a participation. At closing, the lead lender retains the \$5 thousand processing fee paid by the borrower.

#### *Investment Advisory Agreement*

As amended and restated effective October 1, 2016, LNL is party to an Investment Advisory Agreement with Lincoln Investment Management Company (LIMCO). Pursuant to the terms of the Agreement, the Company has delegated investment management responsibility to LIMCO for funds in designated accounts. Fees for this service are expressed in terms of basis points representing an annual rate of the month-end net assets managed by LIMCO. Pursuant to this Agreement, LNL paid \$116.1 million to LIMCO in 2022.

#### *Financial Agreement*

As amended and restated effective January 1, 2016, LNL entered into a Financial Agreement with LNC. Under the Agreement, LNC will provide benefits including basic life and AD&D, optional life and AD&D, long term disability, vision, accident, and critical illness to eligible individuals of LNC and its affiliates and their covered dependents. Pursuant to this Agreement, LNL received \$3.3 million from LNC during 2022.

#### *Absence Management Services Agreement*

Effective June 1, 2015, LNL entered into an Absence Management Services Agreement with LNC, whereby LNC will provide administrative services through an employee absence management program. LNC, either directly or through a subcontractor, shall provide services that include those that are traditionally provided through employee absence management programs or other similarly situated administration programs. Pursuant to this Agreement, LNC paid \$197.7 thousand to LNL for services performed in 2022.

#### *First Amended and Restated Master Services Agreement*

Effective April 25, 2013, LNL is party to the First Amended and Restated Master Services Agreement with LNC, FPP, and other affiliates under which each company provides specific services and facilities for the benefit/use of the other affiliated companies. On April 1, 2018, an addition to the First Amended Agreement went into effect, which added Lincoln Financial Reinsurance Company of Vermont as a recipient of services. Effective October 1, 2021, the Liberty Life Assurance Company of Boston is no longer a party to the Master Services Agreement.

Pursuant to this Agreement, LNL's net expenses were \$122.7 million in 2022.

*Investment Advisory Contract*

Effective December 7, 2012, LNL entered into an Investment Advisory Contract with LIAC. Pursuant to this Agreement, LNL paid \$12.8 million to LIAC in 2022.

*Tax Sharing Agreement*

As amended and restated effective September 15, 2010, LNL entered into a Tax Sharing Agreement with LNC. For any Tax Year or portion of a Tax Year in which LNL is a member of an affiliated group that files a consolidated return for which LNC is the common parent (LNC Consolidated Group), LNC shall be responsible for managing the filing of tax returns and for determining the appropriate strategy for handling audits and disputes with taxing authorities. Additionally, LNC shall be responsible for the final determination of all computations required under this Agreement. Pursuant to this Agreement, LNL received \$121.5 million in 2022.

*Advice To Pay Agreement*

Effective August 6, 2008, LNL entered into an Advice-to-Pay Agreement with LNC. Pursuant to this Agreement, LNC paid \$216 thousand to LNL in 2022.

*Administrative Services Agreement*

Effective October 1, 2007, LNL and LRCSC entered into an Administrative Services Agreement outlining the services that LNL will provide on behalf of LRCSC. There were no amounts paid pursuant to this Agreement in 2022.

*Benefit Agreements*

Effective July 3, 2007, LNL entered into four Benefit Agreements with LNC whereby LNL provides certain services previously performed by Jefferson Pilot Financial Insurance Company prior to its July 2, 2007, merger with LNL. Pursuant to these Agreements, LNC paid LNL \$543 thousand in 2022.

*Master Services Agreement*

Effective May 1, 2007, LNL, FPP and various affiliates entered into a Master Services Agreement with LLANY. The Agreement provides terms for the services provided between affiliates and replaces several previous agreements. Pursuant to this Agreement, LNL received \$71.8 million in 2022.

*Principal Underwriting Agreement*

Effective September 30, 1996, a Principal Underwriting Agreement was entered into between LNL on behalf of itself and its Separate Account L (established pursuant to Indiana Law) and LFA, formerly LNC Equity Sales Corporation. Pursuant to this Agreement, no payments were made in 2022.

*General Agents Agreement*

Effective January 1, 1982, LNL entered into a General Agents Agreement with Lincoln Life and Annuity Distributors, Inc. (LLAD), under which LLAD establishes a marketing organization for the distribution of insurance and related products, including recruitment of agents, sales education and training, financial planning and reporting, marketing development and administration of agency offices. With the December 11, 2002 dissolution of LLAD, all rights and responsibilities under this Agreement were assigned to six (6) companies. A Consent to Assignment of Agreement and Acceptance of Agreement, effective January 1, 2003, provides for a complete substitution of the following companies for LLAD:

- LFA, Limited Liability Company
- LFA of Delaware, Limited Liability Company
- Lincoln Financial Group, Inc.
- Lincoln Financial Services and Insurance Brokerage of New England, Inc.

- Lincoln Financial and Insurance Services Corporation
- California Fringe Benefit and Insurance Marketing Corporation

LFA of Delaware, Limited Liability Company, Lincoln Financial Group, Inc., Lincoln Financial Services and Insurance Brokerage of New England, Inc., and Lincoln Financial and Insurance Services Corporation have all been dissolved and their rights and obligations under this Agreement transferred by operation of law to their respective parent corporations. Pursuant to this Agreement, LNL paid \$129.2 million in 2022.

#### *Surplus Debentures*

LNL is party to ten (10) Surplus Debentures with LNC executed between September 1994 and March 2020 and maturing between September 2024 and June 2038, totaling \$1.5 billion.

### **FIDELITY BOND AND OTHER INSURANCE**

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by National Union Fire Insurance Company of Pittsburgh. The bond has a single loss coverage limit of \$15 million with a \$1 million deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2022, including but not limited to commercial auto, commercial general liability, cyber liability, employment practices liability, management/officers' and directors' liability, pension and benefit plan fiduciary liability, professional liability, and workers' compensation and employers' liability.

### **PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS**

The Company maintains qualified defined contribution and non-qualified deferred compensation plans for its agents. The Company's share of expenses (benefits) for the agents' deferred compensation plans and highly compensated agents' deferred compensation plans was (\$3.3 million) and \$1.4 million, respectively, in 2022. These expenses represent the Company's contributions, investment results, and the plan's portion of a total return swap agreement.

In June 2004, LNC entered into a total return swap agreement and is using the agreement to mitigate the earnings effects created by the changes in value of LNC's deferred compensation plan liability that result from changes in value of the underlying investment options. The Company sponsors two (2) qualified defined contribution plans for its agents, which include a 401(k) plan and a money purchase plan (MPP). The Company's share of expenses for the agents' 401(k) plan and MPP was \$1.6 million in 2022.

Certain employees of the Company, a wholly-owned subsidiary of LNC, participate in a non-contributory defined benefit pension plan sponsored by LNC. Eligible retiring employees and agents receive benefits based on years of service and final average earnings. The plans are funded by assets that are held in a master trust with Northern Trust. The Company's share of expenses (benefits) for the employees' defined benefit pension plan was (\$25.6) million in 2022. In addition, the Company also provides certain other postretirement benefits to retired employees sponsored by LNC. The Company's share of expenses (benefits) for the employees' other postretirement benefits was \$(3.6) million in 2022. The Company has no legal obligation for benefits under these plans. LNC allocates these plans' expenses to its affiliates based on the affiliates' surplus.



All eligible employees of the Company may participate in the 401(k) plan sponsored by LNC. The Company's share of expenses for the employer's portion of the 401(k) plan was \$89.1 million in 2022. In addition, LNC also sponsors contributory deferred compensation plans for certain employees. The Company's share of expenses (benefits) related to these deferred compensation plans was (\$2.3) million in 2022. These expenses reflect both the Company's employer matching contributions, as well as changes in the measurement of the Company's liabilities net of the plan's portion of the total return swap. The Company has no legal obligation for benefits under these plans. LNC allocates these plans' expenses to its affiliates based on the affiliates' surplus.

LNC is using a total return swap agreement to mitigate the earnings effects created by the changes in value of the deferred compensation plan liability that result from changes in value of the underlying investment options.

### SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits, (in 000s), as of December 31, 2022\*:

State	Book Value	Fair Value
All Other Special Deposits:		
California	\$ 37,437	\$ 39,697
Georgia	158	162
Indiana	3,957	3,969
Massachusetts	3,489	1,805
New Hampshire	500	502
New Mexico	223	239
North Carolina	875	880
Virginia	561	528
Total Deposits	\$ 47,201	\$ 47,781

\* The balances include immaterial rounding differences.

### REINSURANCE

#### Ceded Reinsurance

LNL generally seeks to negotiate contract terms to protect the Company from excessive risk via reinsurance arrangements placed with stable, financially responsible carriers. Ceded reinsurance transactions are generally structured along the Company's primary product lines (e.g., life, annuity and accident & health). Reinsurance contracts do not, however, relieve the Company from its direct obligations to policyholders and thus the failure of reinsurers to honor their obligations could result in additional losses to the Company. As such, the Company carefully evaluates the financial condition of its reinsurers and continually monitors concentrations of credit risk to mitigate potential exposure to losses arising from reinsurer insolvencies.

As of the examination date, December 31, 2022, the Company reported total ceded premiums of \$7.3 billion and ceded reserves just over \$41.4 billion. As described in the Reinsurance Assumed section, LNL accounts for the sale of its former assumed reinsurance business to Swiss Re through a series of indemnity reinsurance transactions. As of December 31, 2022, the business associated with the Swiss Re sale transaction accounted for \$740 million (10%) of total ceded premiums and \$1.6 billion (4%) of total ceded reserves.

In addition to business related to the Swiss Re transaction, LNL cedes a portion of its life and annuity business to external reinsurers. Externally ceded reinsurance transactions are generally structured along the Company's primary product lines, e.g. life, annuity, and accident and health business. Collectively, in 2022 this reinsurance accounted

for ceded premiums and reserves totaling \$4.8 billion (66%) of total ceded premiums and \$27.0 billion (66%) of total ceded reserves, respectively.

Reinsurance with affiliated entities represents the most significant ceded reinsurance activity during the examination period. As of the examination date December 31, 2022, reinsurance placed with affiliated captive reinsurers accounted for \$1.7 billion ceded premiums, nearly 24% of the total, and ceded reserves of \$12.8 billion, or 33% of the total ceded reserves. As most of these affiliates are categorized as unauthorized reinsurers in Indiana, LNL is required to hold collateral. Such collateral includes a combination of Funds Withheld, Trust Funds and Letters of Credit, and other qualifying collateral sources, and are approved by the Indiana Commissioner.

Of LNL's \$41.4 billion of total ceded reserves, the majority was ceded to reinsurers rated A- or better by A.M. Best. Approximately \$12.5 billion of reserves, or 30%, was ceded to unauthorized reinsurers. As of the examination date, all but a financially insignificant portion of balances was appropriately collateralized using Letters of Credit, Trust Funds and other collateral intended to offset these reserve credits.

#### *Significant Reinsurance Contracts*

During the examination period, LNL effectuated several new reinsurance contracts; the largest two (2) are discussed below.

Effective January 1, 2020, LNL entered into a reinsurance treaty with Commonwealth Annuity & Life Company providing coinsurance covering certain fixed and fixed indexed annuities. During 2022, this treaty generated ceded premiums and reserves totaling \$1.8 billion and \$2.4 billion, respectively.

Effective October 1, 2021, LNL entered into a reinsurance treaty with Security Life of Denver providing 90% coinsurance of an in-force block of universal (UL) and variable UL business. This arrangement generated ceded premiums and reserves totaling \$143.9 million and \$5.0 billion, respectively.

#### *Subsequent event transaction*

In December 2023, LNL announced the formal closing of a reinsurance transaction involving affiliate Lincoln National Reinsurance Company (Barbados) Limited (LNBAR) and non-affiliate Fortitude Reinsurance Co. Ltd. (Fortitude). The transaction received regulatory approval in June 2023.

The transaction involves the cession of three (3) distinct blocks of reinsurance by LNL totaling approximately \$29.0 billion of ceded reserves to LNBAR and/or Fortitude.

See the "Subsequent Events" section of this report for further information.

#### Assumed Reinsurance

As of the examination date, December 31, 2022, the Company reported total assumed premiums of \$1.2 billion and assumed reserves of \$5.4 billion. These balances primarily derive from two (2) significant closed blocks of business which are principally static in nature.

In 2002, LFG made the strategic decision to stop assuming business, and negotiated a transaction with Swiss Reinsurance Company, Ltd. (Swiss Re) covering substantially all their assumed reinsurance activity then in force. Until then, LNL, operating as Lincoln Re, was one of the largest life reinsurance markets in the world. LNL's exit transaction was accomplished through a series of indemnity reinsurance agreements, whereby the Company continued to record assumed and ceded reinsurance transactions on their books each quarter with offsetting entries such that the net impact of the transactions resulted in a zero-sum entry generating no current period income or surplus impact to the Company. During 2022 these transactions accounted for assumed life and annuity premiums

totaling \$740 million (32%) and assumed reserves totaling \$1.6 billion (45%) of LNL's total assumed business activity.

The Swiss Re sale excluded a major assumed reinsurance arrangement arising from the acquisition of a large block of life and accident and health insurance business from Connecticut General Life Insurance Company in 1998. Today, this block of business accounts for \$129 million of assumed premiums and \$2.6 billion of reserve credits. As part of this transaction, LNL assumed all administrative responsibilities for this business. From an operational perspective, the Company processes ongoing activity in substantially the same manner as the business written directly by the Company.

The remainder of the LNL's assumed reinsurance business consists primarily of intercompany transactions from affiliates, FPP and LLANY. The Company had no other financially significant assumed reinsurance transactions from external counterparties in 2022. In the aggregate, assumed business with other parties accounted for approximately \$95.1 million in assumed premium and \$463.3 million of aggregate assumed policy and claim reserves, each of which are regarded as relatively immaterial for examination purposes.

### Affiliated Reinsurance Agreements

#### *Automatic Indemnity Reinsurance Agreements*

Effective December 31, 2009, LNL and LRCVI entered into an Automatic Indemnity Reinsurance Agreement. This Agreement provides LNL with assistance in managing its regulatory reserve requirements for level premium term life products. The Agreement was amended three (3) times between 2011 and 2017. Additionally, a Form D was filed with the INDOI on February 11, 2013, changing the financing structure of the transaction, including the issuance of a \$240 million Surplus Note. On July 14, 2017, the Company filed a Form D with the INDOI in connection with the Fourth Amended and Restated Indemnity Reinsurance Agreement. Pursuant to this Agreement, the total amount of reserves ceded to LRCVI as of December 31, 2022 was \$1.3 billion.

Effective December 31, 2009, LNL and FPP entered into an Automatic Indemnity Reinsurance Agreement providing FPP with assistance in managing its regulatory reserve requirements for level premium term life products. Pursuant to this Agreement, the total amount of reserves ceded to LNL by FPP as of December 31, 2022 was \$35.2 million.

Effective December 31, 2010, LNL and LNBAR entered into two (2) Automatic Indemnity Reinsurance Agreements. Effective October 1, 2011, LNL recaptured a portion of the business reinsured to LNBAR. On June 27, 2012 a Form D was filed with the INDOI in order to novate 12% of the survivor universal life LPR6 rider contained in a reinsurance agreement between LNL and Lincoln Reinsurance Company of Vermont II (LRCVII; no longer in existence) to LNBAR and to amend the LNL/LNBAR agreement to include the novated business. On July 24, 2014 a Form D was filed with the INDOI requesting a split of the Agreement into two separate reinsurance agreements: one covering business issued prior to July 1, 2005 (Agreement #1) and another covering business issued on or after July 1, 2005 through April 28, 2010 (Agreement #2). On February 25, 2016 a Form D was filed with the INDOI requesting an Amendment to Agreement #1. The total amount of reserves ceded to LNBAR as of December 31, 2022 under Agreement #1 was \$227.4 million and under Agreement #2 was \$1.1 billion.

Effective August 1, 2011, LNL entered into an Automatic Indemnity Reinsurance Agreement with LRCVIII. A subsequent Form D was filed on December 19, 2011 requesting an amendment to the Agreement, and on June 29, 2012 a Form D was filed with the INDOI in order to novate 40% of the XG product series contained in a reinsurance agreement between LNL and LRCVII to LRCVIII and to amend the LNL/LRCVIII Agreement to include the novated business. On November 7, 2014 a Form D was filed with the INDOI in order to further amend the Agreement to reflect changes in the actuarial models for the XG business line due to deviations in persistency from projections made in 2012. Pursuant to this Agreement, the total amount of reserves ceded to by LNL to LRCVIII as of December 31, 2022 was \$2.1 billion.

Effective October 1, 2011, LNL entered into an Automatic Indemnity Reinsurance Agreement with LRCVIV. An Amended and Restated Automatic Indemnity Reinsurance Agreement between the Registrant and LRCVIV was filed with the INDOI on September 13, 2012. Pursuant to this Agreement, the total amount of reserves ceded by LNL to LRCVIV as of December 31, 2022 was \$1.0 billion.

Effective December 31, 2012, LNL entered into an Automatic Indemnity Reinsurance Agreement with LNBAR to reinsure two (2) closed blocks of business. The total amount of reserves ceded to LNBAR under this Agreement as of December 31, 2022 was \$1.6 billion.

Effective October 1, 2013, LNL entered into an Indemnity Reinsurance Agreement with LRCVV relating to the reinsurance of various blocks of term life business. By letter dated November 26, 2013, the INDOI stated that it would not disapprove this Agreement nor certain other matters pertaining to the reinsurance transaction, including the issuance of a \$70.7 million Surplus Note. Pursuant to this Agreement, the total amount of reserves ceded to by LNL to LRCVV as of December 31, 2022 was \$966.8 million.

Effective October 1, 2013, LNL entered into an Excess of Loss Indemnity Reinsurance Agreement with LNBAR relating to the reinsurance of various insurance products. Pursuant to this Agreement, no reserves were ceded by LNL to LNBAR as of December 31, 2022.

Effective October 1, 2015, LNL entered into an Indemnity Reinsurance Agreement with LRCVVI relating to the reinsurance of various blocks of term life business. By letter dated December 16, 2015 the INDOI stated that it would not disapprove the Agreement nor certain other matters pertaining to the reinsurance transaction, including the issuance of a \$30.0 million Surplus Note. On April 29, 2016, a Form D was filed in connection with the First Amended and Restated Indemnity Reinsurance Agreement. Pursuant to this Agreement, the total amount of reserves ceded by LNL to LRCVVI as of December 31, 2022 was \$966.8 million.

Effective October 1, 2015, LNL entered into an Excess of Loss Indemnity Reinsurance Agreement with LNBAR relating to the reinsurance of various insurance products. Pursuant to this Agreement, no reserves were ceded by LNL to LNBAR as of December 31, 2022.

Effective July 1, 2017, LNL entered into an Indemnity Reinsurance Agreement with LRCVVII relating to the reinsurance of various blocks of term life business. A Form D for this Agreement was filed with the INDOI on April 12, 2017. By letter dated June 30, 2017, the INDOI stated that it would not disapprove the Agreement nor certain other matters pertaining to the reinsurance transaction, including the issuance of a \$24.8 million Surplus Note. Pursuant to the Agreement, the total amount of reserves ceded by LNL to LRCVVII as of December 31, 2022 was \$783.6 million.

#### *Agreement to Reinsure Guaranteed Minimum Death Benefits*

In 2003, LNL and LNBAR entered into an Agreement to reinsure guaranteed minimum death benefits and guaranteed living benefit riders attached to various annuity products sold by LNL. The Agreement was amended and/or restated fifteen (15) times between 2012 and 2022. On September 2, 2022, a Form D was filed with the INDOI regarding the Third Amended and Restated Agreement, effective January 1, 2023. Pursuant to this Agreement, the total amount of reserves ceded by LNL to LNBAR as of December 31, 2022 was \$805.5 million.

#### *Coinsurance Agreement*

Effective July 2, 2007, LNL and FPP entered into a Coinsurance Agreement that coinsures the risks of the bank-owned life insurance business from FPP back to LNL in order to avoid including invested assets or net insurance exposure within FPP. Pursuant to this Agreement, the total amount of reserves ceded to LNL by FPP as of December 31, 2022 was \$366.6 million.

*Amended and Restated Reinsurance Agreements*

Effective June 30, 2020, LNL, FPP, and LNBAR entered into two (2) Amended and Restated Reinsurance Agreements, a Self-Administered Yearly Renewable Term (YRT) Agreement and a Self-Administered MRT Agreement. Both LNL and FPP were parties to these two Agreements with LNBAR. Under the Self-Administered YRT Agreement and Self-Administered MRT Agreement, the total amount of risk ceded by LNL and FPP to LNBAR for both Agreements as of December 31, 2022 was \$71.2 million and \$4.9 million, respectively.

**ACCOUNTS AND RECORDS**

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balance prepared from the Company's general ledger for the year ended December 31, 2022 was agreed to the Annual Statement. The Annual Statement for the year ended December 31, 2022 was agreed to the independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

**FINANCIAL STATEMENTS**  
**THE LINCOLN NATIONAL LIFE INSURANCE COMPANY**  
**Assets**  
**As of December 31, 2022**  
**(in 000s)**

	<u>Per Examination*</u>
Bonds	\$ 86,625,475
Stocks:	
Preferred stocks	305,176
Common stocks	4,083,826
Mortgage loans on real estate:	
First liens	14,517,471
Real estate:	
Properties occupied by the company	27,198
Cash, cash equivalents and short-term investments	1,040,821
Contract loans	1,557,153
Derivatives	4,241,894
Other invested assets	3,597,289
Receivables for securities	152,724
Securities lending reinvested collateral assets	58,297
Aggregate write-ins for invested assets	1,527,163
Subtotals, cash and invested assets	117,734,486
Investment income due and accrued	996,377
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	214,154
Deferred premiums, agents' balances and installments booked but deferred and not yet due	266,233
Accrued retrospective premiums	
Reinsurance:	
Amounts recoverable from reinsurers	199,317
Funds held by or deposited with reinsurance companies	60,667
Other amounts receivable under reinsurance contracts	650,991
Amounts receivable relating to uninsured plans	15,611
Current federal and foreign income tax recoverable and interest thereon	154,371
Net deferred tax asset	1,080,563
Guaranty funds receivable or on deposit	82,219
Electronic data processing equipment and software	48,188
Net adjustment in assets and liabilities due to foreign exchange rates	148
Receivables from parent, subsidiaries and affiliates	27,038
Health care and other amounts receivable	54,765
Aggregate write-ins for other than invested assets	1,510,195
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	123,095,323
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	157,466,479
Totals	\$ 280,561,801

\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts. In addition, the balances include immaterial rounding differences.

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY  
Liabilities, Surplus and Other Funds  
As of December 31, 2022  
(in 000s)

	Per Examination*
Aggregate reserve for life contracts	\$ 88,478,451
Aggregate reserve for accident and health contracts	5,802,099
Liability for deposit-type contracts	898,307
Contract claims:	
Life	1,055,081
Accident and health	143,456
Policyholders' dividends/refunds to members	298
Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year – estimated amounts:	
Policyholders' dividends and refunds to members apportioned for payment	31,873
Premiums and annuity considerations for life and A&H contracts received in advance	17,261
Contract liabilities not included elsewhere:	
Surrender values on canceled contracts	1,407
Provision for experience rating refunds, including the liability of A&H experience rating refunds	5,160
Other amounts payable on reinsurance	62,632
Interest Maintenance Reserve (IMR)	77,161
Commission to agents due or accrued– life & annuity contracts, A&H and deposit-type contract funds	142,611
Commissions and expense allowances payable on reinsurance assumed	20,186
General expenses due or accrued	1,217,491
Transfers to Separate Accounts due or accrued (net)	(3,974,530)
Taxes, licenses and fees due or accrued, excluding federal income taxes	54,804
Unearned investment income	23,599
Amount withheld or retained by reporting entity as agent or trustee	199,659
Amounts held for agents' account, including agents' credit balances	135,872
Remittances and items not allocated	2,344,730
Liability for benefits for employees and agents if not included above	30
Borrowed money and interest thereon	3,698,856
Miscellaneous liabilities:	
Asset valuation reserve (AVR)	941,255
Reinsurance in unauthorized and certified companies	10,515
Funds held under reinsurance treaties with unauthorized and certified reinsurers	6,534,774
Payable to parent, subsidiaries and affiliates	34,800
Liability for amounts held under uninsured plans	1,758
Funds held under coinsurance	970,833
Derivatives	1,373,627
Payable for securities	898,644
Payable for securities lending	298,271
Aggregate write-ins for liabilities	3,261,860
Total liabilities excluding Separate Accounts business	<u>114,762,831</u>
From Separate Accounts statement	157,466,470
Total liabilities	<u>272,229,300</u>
Common capital stock	25,000
Surplus notes	1,546,567
Gross paid in and contributed surplus	4,579,152
Unassigned funds (surplus)	2,181,782
Surplus	<u>8,307,501</u>
Total surplus and other funds	<u>8,332,501</u>
Totals	<u>\$ 280,561,801</u>

\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts. In addition, the balances include immaterial rounding differences.

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY  
Summary of Operations  
For the Year Ended December 31, 2022  
(in 000s)

	<u>Per Examination*</u>
Premiums and annuity considerations for life and accident and health contracts	\$ 22,150,289
Considerations for supplementary contracts with life contingencies	16,634
Net investment income	3,958,150
Amortization of Interest Maintenance Reserve (IMR)	12,936
Separate Accounts net gain from operations excluding unrealized gains or losses	2,781,321
Commissions and expense allowances on reinsurance ceded	695,870
Reserve adjustments on reinsurance ceded	(1,257,886)
Miscellaneous income:	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	2,607,114
Aggregate write-ins for miscellaneous income	1,357,088
Total	<u>32,321,515</u>
Death benefits	3,058,801
Matured endowments	2,873
Annuity benefits	548,929
Disability benefits and benefits under accident and health contracts	2,048,497
Surrender benefits and withdrawals for life contracts	16,401,765
Group conversions	(280)
Interest and adjustments on contracts or deposit-type contract funds	91,168
Payments on supplementary contracts with life contingencies	14,921
Increase in aggregate reserves for life and accident and health contracts	2,484,046
Totals	<u>24,650,719</u>
Commissions on premiums, annuity considerations, and deposit-type contract funds	2,277,506
Commissions and expense allowances on reinsurance assumed	110,474
General insurance expenses and fraternal expenses	2,221,890
Insurance taxes, licenses and fees, excluding federal income taxes	315,568
Increase in loading on deferred and uncollected premiums	11,727
Net transfers to or (from) Separate Accounts net of reinsurance	1,188,598
Aggregate write-ins for deductions	(36,848)
Totals	<u>30,739,633</u>
Net gain from operations before dividends to policyholders, refunds to members and federal income taxes	1,581,882
Dividends to policyholders and refunds to members	29,614
Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes	1,552,267
Federal and foreign income taxes incurred	(151,080)
Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses)	1,703,348
Net realized capital gains (losses) less capital gains tax	260,472
Net income	<u>\$ 1,963,820</u>

\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts. In addition, the balances include immaterial rounding differences.



THE LINCOLN NATIONAL LIFE INSURANCE COMPANY  
Capital and Surplus Account Reconciliation  
(in 000s)\*

	2022	2021**	2020	2019	2018
Capital and surplus, December 31, prior year	\$ 8,447,054	\$ 8,003,545	\$ 8,154,527	\$ 8,079,708	\$ 7,845,389
Net income	1,963,820	(576,397)	104,882	398,890	1,019,643
Change in net unrealized capital gains or (losses) less capital gains tax	(1,176,977)	2,012,852	41,237	292,277	(198,776)
Change in net unrealized foreign exchange capital gain (loss)	(35,432)	(12,822)	15,974	(1,761)	2,601
Change in net deferred income tax	87,212	125,878	(5,683)	182,814	115,769
Change in nonadmitted assets	(199,498)	504,109	177,404	(320,368)	(301,575)
Change in liability for reinsurance in unauthorized and certified companies	(10,159)	10,112	-	(8,714)	(141)
Change in reserve on account of change in valuation basis (increase) or decrease	-	-	56,455	-	-
Change in asset valuation reserve	774,606	(257,974)	(113,463)	(151,375)	(111,696)
Surplus (contributed to) withdrawn from Separate Accounts during period	(1,518,353)	(280,900)	233,052	117,034	(20,942)
Other changes in surplus in Separate Accounts statement	(2)	1	1	(551)	4
Change in surplus notes	-	-	30,000	28,000	13,000
Surplus adjustment:					
Paid in	972,705	177,316	548,321	92,674	333,347
Change in surplus as a result of reinsurance	(246,815)	702,703	(89,064)	64,014	289,888
Dividends to stockholders	(645,000)	(1,910,000)	(660,000)	(600,000)	(910,000)
Aggregate write-ins for gains and losses in surplus	(80,662)	(51,369)	9,791	(18,115)	3,198
Net change in capital and surplus for the year	(114,553)	443,509	348,908	74,819	234,319
Capital and surplus, December 31, current year	<u>\$ 8,332,501</u>	<u>\$ 8,447,054</u>	<u>\$ 8,503,435</u>	<u>\$ 8,154,527</u>	<u>\$ 8,079,708</u>

\* Balances include immaterial rounding differences.

\*\* Effective October 1, 2021, Lincoln Life Assurance Company of Boston (LLACB), a wholly-owned subsidiary of the Company, was merged into the Company. All of LLACB's assets and obligations were absorbed into the Company. This transaction was accounted for as a statutory merger and all prior periods were restated to incorporate the assets, liabilities and operations of LLACB into the Company, in accordance with NAIC SAP No. 68 *Business Combinations and Goodwill*.

## COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2022, based on the results of this examination.

## OTHER SIGNIFICANT ISSUES

There were no other significant issues as of December 31, 2022, based on the results of this examination.

## SUBSEQUENT EVENTS

The following events subsequent to the examination date and prior to the completion of field work which were considered material events requiring disclosure in this Report of Examination were noted:

- Effective October 1, 2023, LNL entered into two (2) reinsurance agreements with Fortitude Re, an authorized Bermuda reinsurer with reciprocal jurisdiction reinsurer status in Indiana, to reinsure certain blocks of in-force UL with secondary guarantees, MoneyGuard (MG), and fixed annuity products, including group pension annuities. Fortitude Re represents the Company's largest reinsurance exposure as of December 31, 2023.
- Effective October 1, 2023, the Company entered into a reinsurance agreement with LNBAR, an unauthorized Barbados reinsurer, to reinsure certain blocks of in-force MG products. The agreement between the Company and LNBAR is structured as a coinsurance treaty for the MG blocks. As significant insurance risk was transferred for MG products, amounts recoverable from LNBAR were \$12 billion as of December 31, 2023. The Company recorded a deferred gain on the transaction of \$1.1 billion, of which \$3.9 million was amortized during 2023.
- On May 6, 2024, LNC closed its previously announced sale of all of its ownership interests in the subsidiaries of LNC that comprise its wealth management business to Osaic Holdings, Inc., a Delaware corporation ("Osaic"), pursuant to the Stock Purchase Agreement entered into between LNC and Osaic on December 14, 2023 (the "Agreement"). Pursuant to the Agreement, LNC sold its ownership interests in the following subsidiaries of LNC: Lincoln Financial Advisors Corporation, Lincoln Financial Securities Corporation, California Fringe Benefit and Insurance Marketing Corporation, LFA, Limited Liability Company and LFA Management Corporation (collectively, the "Wealth Management Business"). The total consideration received by LNC for the Wealth Management Business at closing was \$725 million.


**AFFIDAVIT**

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that they, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Alberts Actuarial Consulting, LLC, and investment specialist assistance from Winthrop Capital Management, performed an examination of The Lincoln National Life Insurance Company, as of December 31, 2022.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

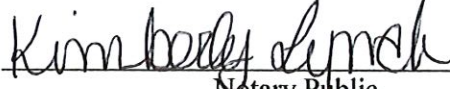
The attached Report of Examination is a true and complete report of the condition of The Lincoln National Life Insurance Company as of December 31, 2022, as determined by the undersigned.

  
\_\_\_\_\_  
Barry Armstrong, CFE  
Noble Consulting Services, Inc.

State of: South Carolina  
County of: Horry

On this 19 day of 6, 2024, before me personally appeared, Barry Armstrong, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: 12/3/2031   
\_\_\_\_\_  
Notary Public

Kimberly Lynch  
NOTARY PUBLIC  
State of South Carolina  
My Commission Expires 12/3/2031





Under the Supervision of:



\_\_\_\_\_  
Jerry Ehlers, CFE, AES  
Examinations Manager  
Indiana Department of Insurance

State of: Indiana  
County of: Marion

On this 20<sup>th</sup> day of June, 2024, before me personally appeared Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My Commission Expires:

July 11, 2025   
Notary Public

