



MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

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WOOLFOLK BUILDING
JACKSON, MISSISSIPPI 39201
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MAILING ADDRESS
Post Office Box 79
Jackson, Mississippi 39205-0079
TELEPHONE: (601) 359-3569
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MARK HAIRE
Deputy Commissioner of Insurance

July 27, 2010

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Alan L. Moore, President
Mississippi American Life Insurance Company
409 Briarwood Drive, Suite 301
Jackson, MS 39206

RE: Report of Examination as of December 31, 2009

Dear Mr. Moore:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999), an examination of your Company has been completed. Enclosed herewith is the Order adopting the report and a copy of the final report as adopted.

Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 1999), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department will open the report for public inspection.

If you have any questions or comments, please feel free to contact me.

Sincerely,

MIKE CHANEY
COMMISSIONER OF INSURANCE

BY

A handwritten signature in black ink that reads "Christina J. Kelsey".

Christina J. Kelsey
Senior Attorney

MC/CJK/bs
Encls. Order w/exhibit

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF MISSISSIPPI**

**IN RE: REPORT OF EXAMINATION OF CAUSE NO. 10-6126
 MISSISSIPPI AMERICAN LIFE INSURANCE COMPANY**

ORDER

THIS CAUSE came on for consideration before the Commissioner of Insurance of the State of Mississippi ("Commissioner"), or his designated appointee, in the Offices of the Commissioner, 1001 Woolfolk Building, 501 North West Street, 10th Floor, Jackson, Hinds County, Mississippi, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999). The Commissioner, having fully considered and reviewed the Report of Examination together with any submissions or rebuttals and any relevant portions of the examiner's work papers, makes the following findings of fact and conclusions of law, to-wit:

JURISDICTION

I.

That the Commissioner has jurisdiction over this matter pursuant to the provisions of Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999).

II.

That Mississippi American Life Insurance Company is a Mississippi-domiciled Company licensed to write Industrial Life and Industrial Accident and Health coverages.

FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999), called for an examination of Mississippi American Life Insurance Company and appointed Dale Miller, Examiner-In-Charge, to conduct said examination.

IV.

That on or about April 20, 2010, the draft Report of Examination concerning Mississippi American Life Insurance Company for the period of January 1, 2006 through December 31, 2009, was submitted to the Department by the Examiner-In-Charge, Dale Miller.

V.

That on or about June 25, 2010, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 1999), the Department forwarded to the Company a copy of the draft report and allowed the Company a 30-day period to submit any rebuttal to the draft report. The Department received the Company's response in an e-mail on or about July 23, 2010, accepting the report and in response thereto, no revisions were made to the draft report.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 1999), must consider and review the report along with any submissions or rebuttals and all relevant portions of examiner work papers and enter an Order: (1) adopting the Report of Examination as final or with modifications or corrections; (2) rejecting the Report of Examination with directions to reopen; or (3) calling for an investigatory hearing.

IT IS, THEREFORE, ORDERED, after reviewing the Report of Examination and all relevant examiner work papers and the Company's rebuttal, that the Report of Examination of Mississippi American Life Insurance Company, attached hereto as Exhibit "A", should be and same is hereby adopted as final.

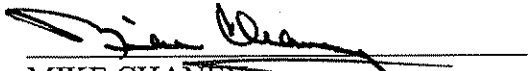
IT IS FURTHER ORDERED that a copy of the adopted Report of Examination, accompanied with this Order, shall be served upon the Company by certified mail, postage pre-paid, return receipt requested.

IT IS FURTHER ORDERED that the Mississippi Department of Insurance shall continue to hold the content of this report as private and confidential for a period of ten (10) days from the date of this Order, pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 1999).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 1999), that within thirty (30) days of the issuance of the adopted report, Mississippi American Life Insurance Company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

IT IS FURTHER ORDERED that Mississippi American Life Insurance Company take the necessary actions and implement the necessary procedures to ensure that all recommendations contained in the Report of Examination are properly and promptly complied with.

SO ORDERED, this the 27th day of July 2010.

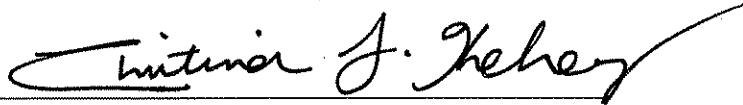


MIKE CHANEY
COMMISSIONER OF INSURANCE

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing Order and a copy of the final Report of Examination, as adopted by the Mississippi Department of Insurance, was sent by certified mail, postage pre-paid, return receipt requested, on this the 27th day of July 2010, to:

Mr. Alan L. Moore, President
Mississippi American Life Insurance Company
409 Briarwood Drive, Suite 301
Jackson, MS 39206



Christina J. Kelsey
Senior Attorney

Christina J. Kelsey
Senior Attorney
Counsel for the Mississippi Department of Insurance
Post Office Box 79
Jackson, MS 39205-0079
(601) 359-3577
Miss. Bar No. 9853



Mississippi Insurance Department

Report of Examination

of

**Mississippi American Life Insurance Company
409 Briarwood Drive, Suite 301
Jackson, Mississippi 39206**

As of December 31, 2009

**NAIC Company Code 89141
NAIC ETS No. MS029-C65**

Mississippi American Life Insurance Company

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EXAMINER AFFIDAVIT AS TO STANDARDS AND
PROCEDURES USED IN AN EXAMINATION

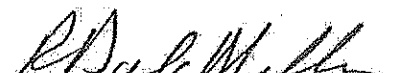
State of Mississippi,

County of Madison,

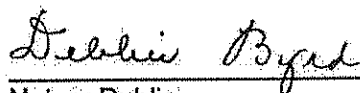
R. Dale Miller, CFE, CPA, CFF being duly sworn, states as follows:

1. I have authority to represent the State of Mississippi in the examination of Mississippi American Life Insurance Company as of December 31, 2009.
2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.
3. I have prepared the examination report, and the examination of Mississippi American Life Insurance Company, as of December 31, 2009, was performed in a manner consistent with the standards and procedures required by the National Association of Insurance Commissioners and the Mississippi Insurance Department.

The affiant says nothing further.

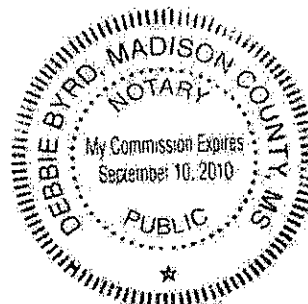

R. Dale Miller, CPA, CFE, CFF
Examiner-In-Charge

Subscribed and sworn before me by Dale Miller on 6 - 25 -, 2010.


Notary Public

My commission expires 9 - 10 - 10

(SEAL)





MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of Insurance

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MAILING ADDRESS:
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March 25, 2010

Honorable Mike Chaney
Commissioner of Insurance
Mississippi Insurance Department
501 N. West Street
1001 Woolfolk Building (39201)
Post Office Box 79
Jackson, Mississippi 39205-0079

Dear Commissioner Chaney:

Pursuant to your instructions and authorization, and in compliance with statutory provisions, an examination as of December 31, 2009 has been conducted of the affairs and financial condition of:

MISSISSIPPI AMERICAN LIFE INSURANCE COMPANY
(NAIC COMPANY CODE 89141; NAIC-ETS No. MS029-C65)
Statutory Home Office
409 Briarwood Drive
Suite 301
Jackson, Mississippi 39206

This examination was performed at Mississippi American Life Insurance Company's ("MS American" or "Company") statutory home office and was conducted in accordance with Miss. Code Ann. §83-5-201 et seq., and the report of examination is herewith submitted for your review.

INTRODUCTION

The Mississippi Insurance Department ("MID") engaged Carr, Riggs & Ingram, LLC ("CRI") to perform the financial and market conduct sections of the examination and Taylor, Walker & Associates, Inc. to perform the actuarial section of the examination.

The examination covered the Company's operations and financial condition from January 1, 2006, through December 31, 2009, including material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

For purposes of this examination report, the examination period is defined as January 1, 2006 through December 31, 2009, and the examination date is defined as December 31, 2009. MS American was previously examined by the MID as of December 31, 2005.

SCOPE OF EXAMINATION

This examination was a full scope financial examination that included assessing the Company's financial condition, its ability to fulfill and manner of fulfillment of its obligations, the nature of its operations, and compliance with applicable laws. A full scope market conduct examination was not performed; however, limited procedures were performed on specific areas of the Company's market conduct.

The affairs, transactions, accounts, records, assets and liabilities of the Company were reviewed and tested by acceptable methods to the extent deemed necessary to comply with Miss. Code Ann. §83-5-205. We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook*. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The procedures performed included a review of material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

HISTORY OF THE COMPANY

The Company was incorporated on December 2, 1977, under the laws of the State of Mississippi. The Articles of Association authorized capital of \$50,000 (500 shares of \$100 par value common capital stock) and the Company commenced operations on January 1, 1978, with its principal office located in Jackson, Mississippi.

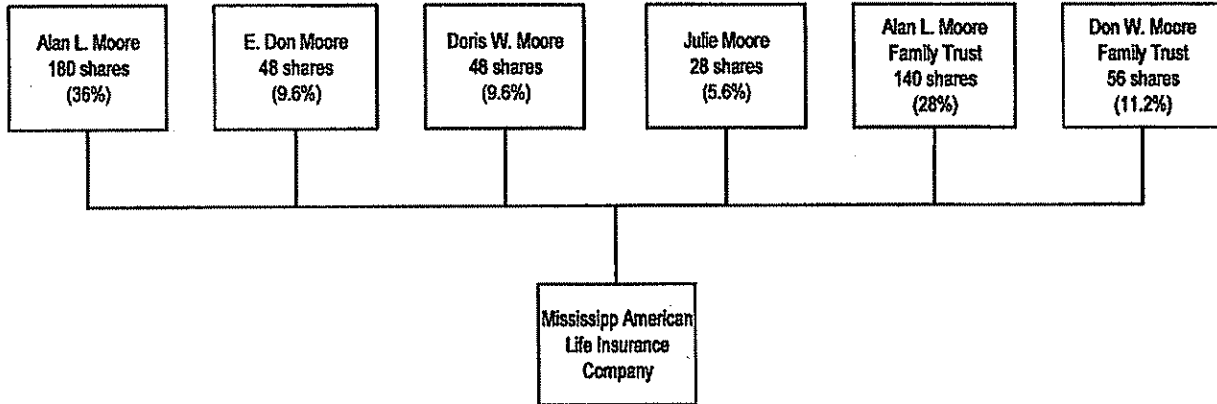
On November 12, 1981, the Articles of Association were amended to increase the number of authorized shares of the Company's common capital stock to 1,250.

On December 26, 1990, the Articles of Association were amended to increase the par value of the Company's common capital stock to \$200.

HOLDING COMPANY STRUCTURE

Organizational Chart

The Company was a member of an insurance holding company system as defined in Miss. Code Ann. §83-6-1. During the examination period the Company was granted an exemption by the MID from filing Holding Company Registration Statements in accordance with Miss. Code Ann. §83-6-5 and §83-6-9. The following chart depicts the Company's ownership as of December 31, 2009:



Related Party Agreements

Consulting Agreement with Alan L. Moore: Effective February 1, 1994, the Company entered into a month-to-month consulting agreement with Mr. Alan L. Moore, whereby Mr. Moore provides general consulting and advice as needed on matters relating to legal and operational issues, investments and investment policies, technology utilization, and office organization. During the examination period, Mr. Moore was paid \$8,000 per month under the terms of the consulting agreement, as amended.

MANAGEMENT AND CONTROL

Stockholders

At of December 31, 2009 the Company had 500 shares of its \$200 par value common capital stock issued and outstanding. The Company was wholly owned by members of the E. Don Moore Family.

Board of Directors

The Articles of Association and Bylaws vest the management and control of the Company's business affairs with the Board of Directors ("Board"). The members of the duly elected Board, along with their place of residence and principal occupation, at December 31, 2009, follow:

<u>Name and Place of Residence</u>	<u>Principal Occupation</u>
Mr. E. Don Moore Jackson, Mississippi	Chairman Mississippi American Life Insurance Company
Mrs. Doris Moore Jackson, Mississippi	Vice-Chairman Mississippi American Life Insurance Company
Mr. Alan L. Moore Jackson, Mississippi	Attorney Baker, Donelson, Bearman, Caldwell, & Berkowitz, PC

Officers

The following officers were duly elected by the Board and holding office at December 31, 2009:

<u>Name</u>	<u>Position</u>
Alan L. Moore	President
Gayla E. Sanders	Secretary and Treasurer

Committees

The Company did not have any active committees at the examination date.

Conflict of Interest

The directors and officers completed conflict of interest affidavits for the period under examination. These affidavits were reviewed, and no conflicts or exceptions to the Company's policies were noted.

CORPORATE RECORDS

The minutes of the meetings of the Stockholders and Board, regarding the Company's business affairs, as recorded during the period covered by the examination, were reviewed and appeared to be complete and in order with regard to recording action on matters brought up at the meetings for deliberation, which included the approval and support of the Company's transactions and events.

FIDELITY BOND AND OTHER INSURANCE

The MID uses the NAIC's suggested minimum fidelity coverage amount as a basis for its recommendation regarding minimum fidelity coverage, which, for this company is \$75,000. During

the examination period, the Company maintained a commercial crime policy in the amount of \$75,000 for employee theft. Additionally, the Company's other active insurance coverage appeared adequate to protect the Company's interests.

ACCOUNTS AND RECORDS

The Company's records and accounting processes were maintained on desktop computers. Policy administration was maintained in Microsoft Access while the Company's accounting records were maintained using Peachtree Accounting Program for Windows. The Company's income tax returns and annual statements were prepared by an outside accounting firm. The Company's reserves were calculated and opined by a consulting actuary.

STATUTORY DEPOSITS

The Company's statutory deposits with the State of Mississippi complied with Miss. Code Ann. §83-19-31(2). The following chart displays the Company's deposits at December 31, 2009.

<u>Description of Security</u>	<u>Book Value</u>	<u>Fair Value</u>
US Treasury Note	\$ 50,000	\$ 64,125
US Treasury Strip	290,288	350,754
	<u>\$ 340,288</u>	<u>\$ 414,879</u>

**MISSISSIPPI AMERICAN LIFE INSURANCE COMPANY
FINANCIAL STATEMENTS
EXAMINATION AS OF DECEMBER 31, 2009**

Introduction to Statutory Financial Statements

The following financial statements consist of a Statement of Admitted Assets, Liabilities, Surplus and Other Funds - Statutory at December 31, 2009, a Summary of Operations - Statutory for year ended December 31, 2009, a Reconciliation of Capital and Surplus - Statutory for examination period ended December 31, 2009 and a Reconciliation of Examination Adjustments to Surplus and Other Funds – Statutory at December 31, 2009.

Mississippi American Life Insurance Company

Statement of Admitted Assets, Liabilities, Surplus and Other Funds - Statutory

<i>December 31,</i>	<i>2009</i>
Admitted Assets	
Bonds	\$ 3,535,069
Mortgage loans	3,274
Real estate	425,163
Cash and short-term investments	339,229
Investment income due and accrued	47,211
Uncollected premiums	38,771
EDP equipment	4,008
Total admitted assets	\$ 4,392,725
Liabilities, Capital and Surplus	
Aggregate reserve for life policies	\$ 3,988,380
Life contract claims payable	44,750
Advance premiums	6,165
General expenses due or accrued	2,850
Taxes, licenses and fees due or accrued	4,954
Federal income taxes payable	1,686
Amounts withheld by company	2,957
Asset valuation reserve	35,819
Total liabilities	4,087,561
Capital common stock	100,000
Gross paid in and contributed surplus	26,415
Unassigned funds	178,749
Total surplus and other funds	305,164
Total liabilities, surplus and other funds	\$ 4,392,725

Mississippi American Life Insurance Company

Summary of Operations - Statutory

For the Year Ended December 31,

2009

Income:

Life premiums and annuity considerations	\$ 1,393,357
Net investment income	185,888

Total income	1,579,245
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Benefits and Reserve Changes:

Death benefits	367,273
Surrender benefits	28,690
Increase in aggregate reserves for life contracts	142,910

Total benefits and reserve changes	538,873
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Other Operating Expenses:

Commissions	458,648
General insurance expenses	474,529
Taxes, licenses and fees	50,321

Total other operating expenses	983,498
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Net loss from operations before federal income taxes	56,874
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Federal income taxes incurred	(1,686)
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Net realized capital gains	6,833
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Net income	\$ 62,021
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Mississippi American Life Insurance Company

Reconciliation of Capital and Surplus - Statutory

For the examination period ended December 31, 2009

	2006	2007	2008	2009
Capital and surplus, beginning of year	\$ 307,702	\$ 310,357	\$ 312,611	\$ 263,672
Net income (loss)	(9,602)	4,150	(57,003)	62,021
Change in net unrealized capital gains or (losses)	-	15,662	(15,842)	-
Change in net deferred income tax	-	-	6,000	-
Change in non-admitted assets	14,084	3,728	(883)	3,488
Change in asset valuation reserve	(1,827)	(21,286)	18,789	1,733
Examination adjustments	-	-	-	(25,750)
Capital and surplus, end of the year	\$ 310,357	\$ 312,611	\$ 263,672	\$ 305,164

Mississippi American Life Insurance Company

Reconciliation of Examination Adjustments to Surplus and Other Funds - Statutory

December 31, 2009

	Balance per per Annual Statement	Balance per Examination	Increase (Decrease) in Surplus
Liabilities			
Life contract claims payable	\$ 19,000	\$ 44,750	\$ (25,750)
Total decrease in surplus and other funds			<u>\$ (25,750)</u>

MARKET CONDUCT ACTIVITIES

A full scope market conduct examination in accordance with the NAIC's *Market Regulation Handbook* was not performed; however, limited procedures were performed on certain areas of the Company's market conduct. The areas in which limited procedures were performed included: policy forms and underwriting, territory and plan of operations, advertising and sales, treatment of policyholders and privacy. No significant exceptions were noted in regard to the limited procedures performed.

Policy Forms and Underwriting

Based upon procedures performed during the course of the examination, the Company appeared to have the appropriate licensure to issue its products. As a component of the life reserve liability testing associated with the related sample items selected, and in conjunction with both the controls and substantive testing, the information on the face of the application was reviewed in order to ensure that all pertinent information on the applications appeared complete and accurate. No material concerns were noted.

Territory and Plan of Operation

As of December 31, 2009, the Company was licensed to transact business in the State of Mississippi. During the examination period, the Company issued industrial life insurance coverage through independent agents.

Advertising and Sales

The Company's advertising and sales materials that were utilized during the time period covered by this examination were reviewed with no material concerns noted.

Treatment of Policyholders

The Company maintained a complaint log during the period under examination and all complaints appeared to have been appropriately resolved. Additionally, claim files were reviewed for general indicators of policyholder treatment concerns without material exception.

Privacy

The Company had a privacy policy in place for the protection of its policyholders, and this policy appeared to be in compliance with applicable laws and standards.

COMMENTS ON FINANCIAL STATEMENTS

Aggregate Reserve for Life Contracts: \$3,988,380

The above captioned amount is the same as the amount reported by the Company within the filed annual statement. However, the examination actuary made the following recommendations within the examination actuarial report:

- The Company should report net due premiums on Page 2, Line 13.1, Uncollected Premiums.
- The Company should correctly identify in Exhibit 5 the mortality tables used in the reserve calculations.
- The Company should report in Exhibit 5 a net Unearned Premium Reserve for those collected premiums covering the period after the valuation date, but before the next policy anniversary.
- The Company should file an actuarial opinion that appropriately describes the methodology utilized by the appointed actuary to test the adequacy of the reported reserves.

Life Contract Claims Payable: \$ 44,750

The above captioned amount is \$25,750 more than the amount reported by the Company within the filed annual statement. This increase is due to the Company understating the life claims unpaid estimate at December 31, 2009

**COMMENTS, DIRECTIVES AND RECOMMENDATIONS
EXAMINATION AS OF DECEMBER 31, 2009**

1. The examination actuary made the following recommendations within the examination actuarial report:
 - The Company should report net due premiums on Page 2, Line 13.1, Uncollected Premiums. (Page 13)
 - The Company should correctly identify in Exhibit 5 the mortality tables used in the reserve calculations. (Page 13)
 - The Company should report in Exhibit 5 a net Unearned Premium Reserve for those collected premiums covering the period after the valuation date, but before the next policy anniversary. (Page 13)
 - The Company should file an actuarial opinion that appropriately describes the methodology utilized by the appointed actuary to test the adequacy of the reported reserves. (Page 13)

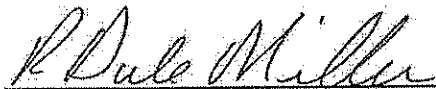
ACKNOWLEDGMENT

Key engagement team members representing the Mississippi Insurance Department and participating in this examination were:

Administrative Supervisor	Joseph R. May, CPA, CMA, CFE, CIE, FAHM
Examiner-in-charge	R. Dale Miller, CPA, CFE, CFF
Examination Actuary	Thomas L. Burger, FSA, MAAA

The courteous cooperation of the officers and employees responsible for assisting in the examination is hereby acknowledged and appreciated.

Respectfully submitted,



R. Dale Miller, CPA, CFE, CFF
Examiner-in-charge