THE STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT

Roger A. Sevigny
Commissioner

Thomas S. Burke
Director of Examinations

IT IS HEREBY CERTIFIED that the annexed copy of the Report of Association Examination of

INVESTORS CONSOLIDATED INSURANCE COMPANY

As of December 31, 2007

Has been compared with the original on file in this Department and that it is a correct transcript there from and of the whole of said original.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Insurance Department at the City of Concord, this 29th day of May, 2009.

Roger A. Sevigny
Insurance Commissioner

21 South Fruit Street, Suite 14, Concord, NH 03301 Telephone: 603-271-2241 Fax: 603-271-1406 TDD Access: Relay NH 1-800-735-2964
www.nh.gov/insurance

STATE OF NEW HAMPSHIRE

INSURANCE DEPARTMENT

CONCORD, NEW HAMPSHIRE

REPORT OF ASSOCIATION EXAMINATION OF THE

INVESTORS CONSOLIDATED INSURANCE COMPANY

CONCORD, NEW HAMPSHIRE

AS OF

DECEMBER 31, 2007

THE STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT

Roger A. Sevigny
Commissioner

Thomas S. Burke
Director of Examinations

ORDER ADOPTING REPORT OF EXAMINATION

I, Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, having fully considered and reviewed the Association Examination Report (the "Report") Investors Consolidated Insurance Company (the "Company"), do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions,

TO WIT:

1. I, Roger A. Sevigny, as the Insurance Commissioner of the State of New Hampshire, and as such is charged with the duty of administering and enforcing the provisions of RSA 400-A:37 of the State of New Hampshire General Statutes;

2. Investors Consolidated Insurance Company (the "Company") is a domestic insurer authorized to transact the business of insurance in the State of New Hampshire;

3. On May 13, 2009 the verified Association Examination Report of the Investors Consolidated Insurance Company was filed with the New Hampshire Insurance Department.

4. In accordance with RSA 400-A:37 IV.(b), The Company was afforded a period of thirty (30) days within which to submit to the New Hampshire Insurance Department a written submission or rebuttal with respect to any matters contained in the Report.

5. On May 20, 2009, The Company responded with recommended changes to the report.

21 South Fruit Street, Suite 14, Concord, NH 03301 Telephone: 603-271-2241 Fax: 603-271-1406 TDD Access: Relay NH 1-800-735-2964
www.nh.gov/insurance

NOW, THEREFORE, it is ordered as follows:

1. That the Association Examination Report of Investors Consolidated Insurance Company (the"Company") is adopted as filed with the Insurance Department.

Dated at Concord, New Hampshire, this 29th day of May 2009.

Roger A. Sevigny
Insurance Commissioner

The State of New Hampshire

Office of the Insurance Commissioner

I hereby certify that the attached Report of Association Examination shows the condition and affairs of

INVESTORS CONSOLIDATED INSURANCE COMPANY

Of **Concord, New Hampshire as of December 31, 2007.**

This report has been reviewed.

Thomas S. Burke, CPA
Chief Insurance Examiner

Dated this 29th day of May, 2009.

STATE OF NEW HAMPSHIRE)
)
COUNTY OF MERRIMACK)

Paul Kropp, CPA, CFE, ARe being first duly sworn, upon his oath deposes and says:

That he is an examiner employed by the Department of Insurance of the State of New Hampshire;

That an examination was made of the affairs of the

INVESTORS CONSOLIDATED INSURANCE COMPANY

As of December 31, 2007

Of **Concord, New Hampshire,** a stock company organized and authorized under the laws of the State of New Hampshire pursuant to authority vested by **Roger A. Sevigny**, Commissioner of Insurance of the State of New Hampshire;

That he was the examiner in charge of said examination and that the attached report of examination is a true and complete report of the condition of the above named company on **December 31, 2007,** as determined by the examiner.

Paul D Kropp

Examiner-in-Charge

Subscribed and sworn to before me this

29th Day of May, AD 2009

Diane T. Cygan

Notary Public

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THE STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT

Roger A. Sevigny
Commissioner

Thomas S. Burke
Director of Examinations

May 20, 2009

Honorable Alfred W. Gross
Chairman, Financial Condition (E) Committee, NAIC
Commissioner of Insurance
Commonwealth of Virginia, Bureau of Insurance
P.O. Box 1157
Richmond, VA 23218

Honorable Joel Ario
Secretary, Northeastern Zone, NAIC
Commissioner of Insurance
Commonwealth of Pennsylvania
1326 Strawberry Square
Harrisburg, PA 17120

Honorable Roger A. Sevigny
Commissioner of Insurance
State of New Hampshire
21 South Fruit Street Suite 14
Concord, New Hampshire 03301

Dear Commissioners:

Pursuant to your instructions and in accordance with Section 400-A:37 of the Revised Statutes Annotated of New Hampshire, an Association Financial Examination has been made of the financial condition and affairs of the

INVESTORS CONSOLIDATED INSURANCE COMPANY
Concord, New Hampshire

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

SCOPE OF THE EXAMINATION

The Company was last examined as of December 31, 2003, by the State of New Hampshire Insurance Department (Department). The current examination covers the period January 1, 2004 through December 31, 2007. The examination was conducted at the administrative office of the Company at 2727 Allen Parkway, Wortham Tower Suite 500, Houston, Texas.

The purpose of the examination was to assess the financial condition of the Company as of December 31, 2007, and to ascertain if the Company was in compliance with the New Hampshire Insurance Statutes and Regulations. To substantiate the various asset and liability items, tests were made either by detailed audits of accounts or by sampling methods prescribed in the *Examiner's Handbook* of the National Association of Insurance Commissioners (NAIC). In selecting the examination procedures used, due consideration was given to the importance of the account to overall solvency, the results of prior financial condition examinations, and the results of the NAIC early warning system.

In conducting this examination, the Department has relied on reports prepared by the Company's Independent Auditors, Deloitte & Touche, LLP (D&T), and the opinions contained therein. The audit reports were prepared on a statutory basis and have been reconciled to the Annual Statements for each of the four years.

A review was made of the following matters to ascertain the Company's financial condition and its conformity with the insurance laws and regulations of the state of New Hampshire:

Company History
Management and Control
Corporate Records
Fidelity Bonds and Other Insurance
Territory and Plan of Operation
Loss Experience

The following sections of this report contain pertinent comments on items indicated above.

DESCRIPTION OF COMPANY

Company History

Investors Consolidated Insurance Company (the "Company") was incorporated on January 2, 1975, under the laws of North Carolina. Effective August 30, 2000, the Company merged with Christian Mutual Life Insurance Company, an affiliate, and was re-domiciled in New Hampshire as a stock life insurance company. As a result of the merger Christian Mutual Life Insurance Company ceased to exist. As of December 31, 2007, the Company had 5,000,000 shares of authorized capital stock with a par value of $1, of which 2,500,000 shares were issued and outstanding.

Growth of Company

Year	Premiums	Claims/ Benefits	Net Income	Admitted Assets	Policyholders Surplus
2004	$2,057,991	$1,110,253	$(538,305)	$14,747,780	$5,577,044
2005	$1,933,725	$1,020,916	$243,661	$14,966,879	$5,834,604
2006	$1,828,009	$1,155,798	$237,105	$15,367,006	$6,107,047
2007	$1,848,717	$791,022	$481,518	$15,606,095	$6,645,068

Holding Company System

As of December 31, 2007, the Company was a wholly-owned subsidiary of Manhattan Insurance Group (MIG). MIG is owned by several entities, Central United Life Insurance Company (CUL) owns 51%, with 47% held by Northington/Connecticut Insurance Reinvestment, LLC, and 2% is owned by James Ramenda, Thomas B. Leonardi and William D. Bitterli.

Effective December 31, 2004, the Company was 100% acquired by CUL, an affiliate and an Arkansas corporation.

The Company has made filings as registrant, pursuant to the requirements and standards set forth in Chapter 401-B of the New Hampshire Revised Statutes Annotated.

Territory and Plan of Operation

Premiums by line of business for the examination period is presented below:

	2007		2006		2005		2004	
	Amount	%	Amount	%	Amount	%	Amount	%
Ordinary Life Insurance	$22,507	1.22%	$7,002	0.34%	$15,372	0.79%	$18,943	0.92%
Ordinary Individual Annuities	$962	0.06%	$1,139	0.06%	$1,007	0.05%	$1,047	0.05%
Group Life Insurance	$524,549	28.37%	$593,367	32.60%	$618,773	31.99%	$670,406	32.58%
Group Accident and Health	$172,183	9.31%	$198,264	10.75%	249,564	12.92%	$241,291	11.72%
Other Accident and Health	$1,128,516	61.04%	$1,028,237	56.25%	$1,049,009	54.25%	$1,126,304	54.73%
Totals	$1,848,717	100.00%	$1,828,009	100.00%	$1,933,725	100.00%	$2,057,991	100.00%

The Company is a life insurance company located in the State of Texas and Domiciled in the State of New Hampshire. The Company offers a diversified portfolio of life and supplemental health insurance products through independent agents. The Company is licensed in 23 states and the District of Columbia.

MANAGEMENT AND CONTROL

Directors

The affairs of the Company are managed, and its corporate powers are exercised, by a three member Board of Directors. The members of the Board, duly elected and qualified, with their respective business or professional affiliation at December 31, 2007 is as follows:

Name	Business Affiliation
David Harris	Chief Executive Officer Investors Consolidated Insurance Company Chief Executive Officer Manhattan Insurance Group, Inc.
Dan George	President and Treasurer Investors Consolidated Insurance Company President & Treasurer Manhattan Insurance Group, Inc.
Mary Lou Rainey	Vice President and Secretary Investors Consolidated Insurance Company Vice President and Secretary Manhattan Insurance Group, Inc.

Officers

The following elected senior officers were serving as of December 31, 2007:

Dan George	President and Treasurer
Mary Lou Rainey	Vice President and Secretary
Kent Lamb	Chief Financial Officer
LeeAnn Blakely	Vice President
David Parsons	Vice President
Frances Tiemeyer	Vice President
John McGettigan	Vice President

Corporate Records

The Company's Articles of Incorporation, Bylaws, and Minutes of the Stockholders and Board of Directors meetings were reviewed for the period of examination. No inconsistencies between

these records and the operation of the Company were observed during the course of the examination.

Conflict of Interest

The Company provides an annual "Conflict of Interest Statement" to the Company's officers and directors, which is reviewed by the Executive Committee. The results are presented for discussion to the Board of Directors. An examination of these statements indicated that they were completed for all required personnel.

Dividends to Stockholders

New Hampshire law (INS 401-B:5 II) requires that insurers notify the commissioner of intent to pay dividends (other than extraordinary) fifteen days prior to the payment date. The commissioner may order that the dividend not be paid should he/she determine that surplus as regards policyholders would be inadequate or that such payment could lead to a hazardous financial condition following the payment thereof.

Extraordinary dividends (defined by the New Hampshire Insurance Code as a distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding twelve months exceeds ten percent of the insurer's surplus as of December 31, next preceding) may be made thirty days after the commissioner has been notified of the declaration thereof, and has not within such period disapproved such payment, or upon the commissioner's approval.

There were no dividends paid to stockholders during the examination period.

FINANCIAL STATEMENTS

The following Financial Statements show the Company's financial position and results of operations for the years 2004-2007 as determined by this examination.

INVESTORS CONSOLIDATED INSURANCE COMPANY
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2004 - 2007

ASSETS	12/31/07	12/31/06	12/31/05	12/31/04
Bonds	$10,716,450	$12,717,738	$12,718,929	$11,840,052
Cash & Short-term Investments	3,955,287	1,707,452	1,335,859	1,535,935
Contract Loans	-	-	-	205
Investment Income Due and Accrued	108,299	146,117	124,679	91,541
Premiums and Considerations:				
Uncollected Premiums and Agents' Balances	134,021	130,355	112,572	160,890
Deferred Premiums, Agents' Balances	96,517	101,518	110,676	124,268
Federal Income Tax Recoverable	9,278	12,972	16,585	-
Net Deferred Tax Asset	580,507	544,594	540,515	541,390
Guaranty Fund Recievable or On Deposit	5,735	6,260	7,064	8,148
Receivable from Parent, Subsidiaries and Affiliates		-		445,351
Total Assets	$15,606,094	$15,367,006	$14,966,879	$14,747,780
LIABILITIES AND POLICYHOLDERS' SURPLUS				
Aggregate Reserve for Life Policies and Contracts	$6,422,842	$6,585,020	$6,482,340	$6,456,106
Aggregate Reserve for Accident and Health Contracts	1,745,731	1,806,627	1,775,898	1,814,872
Life Policy and Contract Claims	104,762	113,834	139,007	61,339
Accident and Health Policy and Contract Claims	99,183	123,179	135,308	227,725
Premiums and Annuity Considerations Received in Advance	54,834	75,920	56,473	39,850
Interest Maintenance Reserve	428,531	477,089	529,075	561,534
General Expenses Due or Accrued	14,000	-	-	3,600
Taxes, Licenses and Fees Due or Accrued	(12,583)	(10,009)	(8,327)	(7,192)
Amounts Withheld or Retained by Company	-	-	93	(6,778)
Remittances and Items Not Allocated	-	-	9,574	1,084
Payable to Parent, Subsidiaries and Affiliates	103,726	88,299	12,833	-
Aggregate Write-Ins for Liabilities	-	-	-	18,596
Total Liabilities	8,961,026	9,259,959	9,132,274	9,170,736
Common Stock	2,500,000	2,500,000	2,500,000	2,500,000
Additional Paid In Capital	11,576,246	11,576,246	11,576,246	11,576,246
Unassigned Funds	(7,431,178)	(7,969,199)	(8,241,642)	(8,499,202)
Total Capital & Policyholders' Surplus	6,645,068	6,107,047	5,834,604	5,577,044
Total	$15,606,094	$15,367,006	$14,966,878	$14,747,780

INVESTORS CONSOLIDATED INSURANCE COMPANY
STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004 - 2007

	12/31/07	12/31/06	12/31/05	12/31/2004
Premiums & Other Revenue				
Life and Accident and Health Premiums	$ 1,848,717	$ 1,828,009	$ 1,933,725	$ 2,057,991
Net Investment Income	645,776	623,468	563,696	499,069
Amortization of Interest Maintenance Reserve	56,835	63,446	75,574	79,581
Total Premiums and Other Revenues	2,551,328	2,514,923	2,572,995	2,636,641
Benefits and Other Expenses				
Death Benefits	664,423	579,641	688,899	600,458
Annuity Benefits	17,107	12,500	4,768	1,226
Accident and Health Benefits	306,767	422,875	338,181	531,950
Surrender Benefits and Withdrawals	13,299	7,374	1,807	8,067
Payments on Supplementary Contracts	12,500			
Increase in Reserves for Life and Accident and Health	(223,074)	133,408	(12,739)	(31,448)
Commissions	632,043	531,278	549,613	572,942
General Insurance Expenses	576,292	494,933	546,813	1,349,873
Insurance taxes, licenses and fees, excluding Federal Income Taxes	62,558	98,241	214,407	97,117
Increase (Decrease) in Loading on Deferred and Uncollected Premiums	4,201	(6,045)	(5,830)	(8,346)
Total Benefits and Other Expenses	2,066,116	2,274,205	2,325,919	3,121,839
Net Income Before Dividends and Taxes	485,212	240,718	247,076	(485,198)
Federal Income Tax Incurred	3,694	3,613	3,415	53,107
Net Income	$ 481,518	$ 237,105	$ 243,661	$ (538,305)
CAPITAL & SURPLUS				
Surplus January 1	$ 6,107,047	$ 5,834,604	$ 5,577,044	$ 6,366,241
Net Income	481,518	237,105	243,661	(538,305)
Change in Net Deferred Income Tax	(158,948)	(66,876)	123,714	(215,998)
Change In Non-Admitted Assets	215,451	102,214	(109,815)	(34,894)
Transferred to Surplus				(90,000)
Surplus Adjustment: Paid in				(10,303,672)
Surplus Adjustment: Transferred from Capital				10,393,672
Total Change in Surplus	538,021	272,443	257,560	(789,197)
Surplus December 31	$6,645,068	$6,107,047	$5,834,604	$5,577,044

INVESTORS CONSOLIDATED INSURANCE COMPANY
STATEMENT OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2004 - 2007

	12/31/07	12/31/06	12/31/05	12/31/04
CASH FROM OPERATIONS				
Premiums Collected Net of Reinsurance	$ 1,824,764	$ 1,844,876	$ 2,018,088	$ 2,130,574
Net Investment Income	681,288	604,448	534,080	559,573
Total	2,506,052	2,449,324	2,552,168	2,690,147
Benefits and Loss Related Payments	1,047,164	1,059,692	1,048,404	1,235,512
Commissions and Expenses Paid	1,259,466	1,126,134	1,315,568	2,017,381
Federal and Foreign Income Taxes Paid			20,000	53,107
Total	2,306,630	2,185,826	2,383,972	3,306,000
Net Cash from Operations	$ 199,422	$ 263,498	$ 168,196	$ (615,853)
CASH FROM INVESTMENTS				
Proceeds from Investments Sold, Matured or Repaid:				
Bonds	$ 4,002,453	$ 1,006,090	$ 4,156,380	$ 4,975,952
Total Investment Proceeds	4,002,453	1,006,090	4,156,380	4,975,952
Cost of Investments Acquired:				
Bonds	1,990,581	995,858	4,995,665	8,059,331
Total Cost of Investments Acquired	1,990,581	995,858	4,995,665	8,059,331
Net Increase (Decrease) in Contracted Loans			(205)	205
Net Cash From Investments	$ 2,011,872	$ 10,232	$ (839,080)	$ (3,083,584)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES				
Cash Provided (applied):				
Dividends to Stockholders	$ -			
Other Cash Provided (applied)	36,541	97,863	470,808	(237,026)
Net Cash from Financing and Miscellaneous Sources	$36,541	$ 97,863	$ 470,808	$ (237,026)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS				
Net Change in Cash & Short Term Investments	$ 2,247,835	$ 371,593	$ (200,076)	$ (3,936,463)
Cash and Short Term Investments January 1	1,707,453	1,335,860	1,535,935	5,472,398
Cash and Short Term Investments December 31	$ 3,955,288	$ 1,707,453	$ 1,335,860	$ 1,535,936

NOTES TO FINANCIAL STATEMENTS

Statutory Basis of Accounting

The accompanying financial statements of the Company have been prepared in conformity with statutory accounting practices (SAP) prescribed and permitted by the New Hampshire Insurance Department and by the NAIC. SAP is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). Some of the important differences from GAAP include:

a. commissions related to acquiring business are charged to operations in the year incurred and not amortized over the period benefited, whereas the related premiums are taken into income on a pro rata basis over the periods covered by the policies;
b. certain assets (principally overdue direct premiums, furniture, equipment and supplies, and leasehold improvements) are designated as nonadmitted, are excluded from assets, and charged directly to unassigned surplus;
c. bonds classified as available-for-sale and carried at market under GAAP, are carried at amortized cost;
d. policy reserves are provided based on statutory interest, mortality and morbidity requirements rather than on estimated expected experience or actual account balances as required under GAAP;
e. deferred tax assets are limited to: (1) the amount of federal income taxes paid in prior years that can be recovered through carry-backs for existing temporary differences that reverse by the end of the subsequent calendar year, plus (2) the lesser of the remaining gross deferred tax assets expected to be realized within one year of the balance sheet date or 10% of capital and surplus excluding any net deferred tax assets, electronic data processing ("EDP") equipment and operating software and any net positive goodwill, plus (3) the amount of remaining gross deferred tax assets are nonadmitted. The change in deferred taxes is reported as a direct adjustment to unassigned surplus. Deferred taxes do not include amounts for state taxes. Under GAAP, state taxes are included in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in future years, and a valuation allowance is established for deferred tax assets not realizable.

Bonds & Stocks

The market and amortized value of bonds and stocks are determined in accordance with procedures promulgated in the NAIC *Valuations of Securities* manual. We relied on the NAIC Securities Valuation Office ("SVO") for the classification testing of these securities. Expected maturities may differ from contractual maturities when borrowers have the right to call or prepay obligations with or without call or prepayment premiums.

The Company owned no stock at December 31, 2007.

Reserves and Claim Liabilities

The Department engaged John Dinius of PricewaterhouseCoopers to review the Company's actuarial assumptions and actuarial methods used to determine statutory reserves reported on the 2007 Annual Statement.

In forming his opinion on the actuarial items, Mr. Dinius relied on the materials provided by Mr. Gravely, an employee of Allen Bailey & Associates, Inc. who performed the Company's reserve analysis as of December 31, 2007. Materials provided included the actuarial opinion, data, listings, and summaries of policies and contracts and other liabilities in force, as prepared by the Company. The data was evaluated for reasonableness and consistency and certain items were reconciled to the Company's annual statement. No independent verification procedures were performed.

The Statutory reserves displayed below were reviewed.

Statutory Policy Reserves & Claim Liabilities

Actuarial Items	12/31/2007
Aggregate Reserve for Life Policies	$6,422,842
Aggregate Reserve for A&H Policies	1,745,731
Deposit Funds and Other Liabilities	0
Liability for Policy & Contract Claims	203,945
Net Deferred and Uncollected Premiums	230,538

Plan 4104

Plan 4104 is a Group Life non-cancelable product issued mainly in the 1980s with the last policy issued in 1999. It resembles traditional whole life in most aspects, but does not have Cash Values. The Company holds reserves for this product in a manner consistent with traditional whole life. On a seriatim basis, reserves are calculated utilizing the 1958 CSO ALB Male Table with 4.5% interest and the Net Level Premium ("NLP") Method and Mean Curtate factors for base reserves. It should be noted that, in aggregate, these reserves exceed the minimum valuation standards in New Hampshire.

Gold Cross Contracts

The *Gold Cross* plan is a Group Life issued mainly by burial associations with either a $100 or $200 face amount. It resembles traditional whole life in many aspects, but does not have Cash Values and originally was intended to have upwardly adjustable premiums.

As set forth by the New Hampshire Insurance Department, in an August 7, 2000 letter, the Company reached an understanding with the Department that allows the Company to follow a "permitted practice" in determining the reserves for these policies. This permitted practice allows the Company to use the greater of their simplified reserve factors or a Gross Premium Valuation ("GPV") to determine the reserves for this block of business.

Since 2001, the Company has relied on aggregate tests of reserve adequacy, as the reserves reported for the burial policies have been less than those determined by following the permitted practice.

At December 31, 2007, the Company's consulting actuary, Mr. Gravely, performed a reserve calculation for the Gold Cross contracts based on the gross premium valuation method, and submitted a report to the Department, as provided for in the permitted practice agreement. As described in Mr. Gravely's report, the gross premium valuation of the Gold Cross contracts produced a reserve that exceeded the reserve actually reported for this block by an amount of $160,889. (The reserve reported for this block was approximately 26% less than the reserve calculated by Mr. Gravely.) Mr. Gravely also developed an analysis of the Company reserves for Plan 4104. The analysis indicated the sufficiency within Plan 4104 was between $369,025 and $561,524, and was therefore adequate to cover the shortfall in the reserve held for the Gold Cross contracts, thus demonstrating the adequacy in the aggregate for the statutory reserves reported by the Company. Mr. Gravely anticipates that the Company will eventually hold a reserve for the Gold Cross contracts that meets the standard defined by the gross premium methodology, and will no longer rely on Plan 4104's sufficiencies. However, he said that it will be some number of years before this occurs.

Mr. Dinius recommends the Company improve the precision of its analysis by (1) improving the approximations used in the gross premium reserve calculations (which are based on broad averages), and (2) test the effect of varying some of its experience assumptions.

Virginia H&A

During 2004, the Company acquired the business of Virginia H&A, a distressed company doing business in Virginia. At December 31, 2004, it was noted that the life reserves for the Virginia H&A business were reported based on a roll-forward of the reserve balance at September 30, 2004. Although it was anticipated that the Company would use a more robust reserve methodology by December 31, 2005, the life reserve balance continues to be calculated by means of a roll-forward method. Due to the use of conservative assumptions, it appears that the reserves reported at December 31, 2007, are at least as large as those that would have been calculated if the Company had applied a standard reserve calculation method. The reserves affected by the calculation are approximately $50,000, so it is unlikely that an inaccuracy in this value will be material.

Conclusion

Based on review of the materials provided by the Company, the aggregate amount of liabilities reported in the balance sheet of the Company as of December 31, 2007:

- Are computed in accordance with currently accepted actuarial standards, except as previously noted;
- Are based on actuarial assumptions which produce aggregate reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions;
- Meet the requirements of the Insurance Law and regulations of the state of New Hampshire; and
- Include good and sufficient provision for all actuarial reserves and related statement items which ought to be established.

Reinsurance

The Company did not participate in reinsurance during the examination period.

ACKNOWLEDGMENT

The courteous cooperation and assistance extended by the officers and employees of the Company during the course of this examination is hereby acknowledged.

Respectfully submitted,

Paul D. Kropp

Paul D. Kropp, CFE
State of New Hampshire
Representing Northeastern Zone, NAIC