

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
THE REPORT OF EXAMINATION
OF AMERICAN HOME LIFE
INSURANCE COMPANY**

A.I.D. NO. 2012- 650

ADOPTION ORDER

Now on this day the matter of the Report of Examination (“Report”) as of December 31, 2011 of American Home Life Insurance Company (“Company”), NAIC No. 83860, is taken under consideration by Jay Bradford, Insurance Commissioner for the State of Arkansas (“Commissioner”), as presented by Associate Counsel, Amanda Capps Rose, and the Finance Division of the Arkansas Insurance Department (“Department”). From the facts, matters and other things before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. The Company is an Arkansas-domiciled life and accident and health insurer.
3. Pursuant to Ark. Code Ann. §§ 23-61-201, *et seq.*, the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records, and assets of the Company as of December 31, 2011.
4. Said examination was commenced by the Department on March 14, 2012, and completed on May 11, 2012.

5. The verified Report of Examination was filed with the Department on July 9, 2012. It was then mailed to the Company via certified mail on July 10, 2012. The Company received the Report on July 11, 2012, according to the tracking service available through the United States Postal Service.

6. The Report of Examination contains the following comments or discrepancies regarding the Company's operation:

a. The Company's methodologies and procedures are inconsistent as used in the calculation of reserves for graded death benefit contracts.

b. The Company's 5 Pay and 9 Pay Graded Benefit rates charged in 2009 through 2011 for new business were sold in derogation of the policy on file with the Department.

c. The Company's records show that on July 3, 2008 and September 8, 2008, applications were signed by an agent neither licensed nor properly appointed with the Company.

7. The Company submitted a response to the Report of Examination, which was received by the Department on August 14, 2012. The Company's response was carefully reviewed and considered by the Department, and the Report of Examination was revised accordingly to include a Subsequent Event and to amend the Market Conduct section.

CONCLUSIONS OF LAW

Based upon the above and foregoing Findings of Fact, the Commissioner makes the following Conclusions of Law:

1. The Commissioner and the Department have jurisdiction over the parties and the subject matter contained herein.

2. This Adoption Order has been properly entered in accordance with the Arkansas Insurance Code and Department Rules.

THEREFORE, pursuant to the provisions of Ark. Code Ann. § 23-61-205 and other provisions of the Arkansas Insurance Code, the Commissioner hereby orders:

1. That the Examination Report, as filed with the Department, is hereby adopted;

2. That, with regard to the items in Findings of Fact above:

a. It is recommended that the Company use the correct methodologies and procedures in the calculation of reserves for graded death benefit contracts;

b. It is recommended that the Company identify all policyholders of 5 Pay and 9 Pay Graded Benefit policies who were charged rates that were inconsistent with the policy on file with the Department and provide any refunds due to policyholders; and

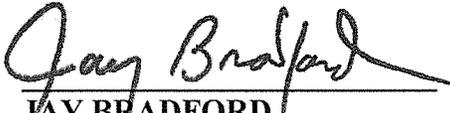
c. The Company shall confirm proper producer licensure and appointment status prior to accepting an application in accordance with Ark. Code Ann. §§ 23-64-201 and 23-64-514;

3. That the Department shall forward a copy of this Adoption Order and the adopted Examination Report, as filed, to the Company via certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Board of Directors to use in acknowledgement of receipt of the adopted Report of Examination and this Adoption Order;

4. That within twenty (20) days of receipt of this Adoption Order and the adopted Examination Report, the Company shall file with the Department affidavits executed by each one of its directors, stating under oath or affirmation that each has received a copy of this Adoption Order and the adopted Examination Report; and

5. That the adopted Examination Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Adoption Order.

IT IS SO ORDERED this 27th day of August, 2012.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS