

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

**IN THE MATTER OF
THE REPORT OF EXAMINATION
OF MEMORIAL INSURANCE
COMPANY OF AMERICA**

A.I.D. NO. 2015- 022

ADOPTION ORDER

Now on this day the matter of the Report of Examination (“Report”) as of December 31, 2013, of Memorial Insurance Company of America (“Company”), of Blytheville, Arkansas, NAIC No. 83798, is taken under consideration by Allen Kerr, 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 legal reserve stock insurer with authority to write life and accident and health insurance.
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, 2013.
4. Said examination was commenced by the Department on March 24, 2014 and completed on November 24, 2014.

5. The verified Report of Examination was filed with the Department on January 21, 2015. It was then mailed to the Company via certified mail on January 22, 2015. The Company received the Report on January 26, 2015, according to the tracking service available through the United States Postal Service.

6. The Commissioner has given consideration to the Company's response to the Report of Examination, which was received by the Department on February 17, 2015.

7. The Company had an AXA SA bond issued by a European insurer that represented three and nine-tenths percent (3.9%) of its assets as of December 31, 2013. The Company has subsequently transferred the bond to another entity and replaced the assets with cash.

8. The Company's taxes are reported to the IRS in a consolidated return without having a formal written tax consolidation agreement in place. The Company has agreed to file a formal tax allocation agreement with the Department when it is agreed upon.

9. The Report of Examination notes that the Company has custodian agreements with two custodians; however, neither agreement has been filed with or approved by the Commissioner.

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 Arkansas Insurance Department Rules.

3. Pursuant to Ark. Code Ann. § 23-63-824, any one investment in investment grade securities of a foreign company other than Canadian securities is limited to three percent (3%) of the Company's assets.

4. Tax allocation agreements must be filed with the Department for review and approval pursuant to Ark. Code Ann. § 23-63-514(b)(3)(H).

5. The Company's failure to obtain the Commissioner's approval of its custodian agreements is in violation of Ark. Code Ann. § 23-69-134 and Department Rule 26.

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

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

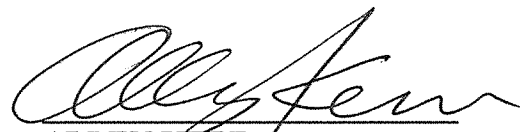
2. That the Department shall forward a copy of this Adoption Order and the adopted Examination Report, as filed, to the Company via certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Board of Directors to use in acknowledgement of receipt of the adopted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

3. 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;

4. 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; and

5. That the Company shall file all current custodian agreements with the Department within sixty (60) days of the date of this Adoption Order for approval pursuant to Ark. Code Ann. § 23-69-134 and Department Rule 26 and shall file any future custodian agreement with the Department for prior approval.

IT IS SO ORDERED this 10th day of March, 2015.


ALLEN KERR
INSURANCE COMMISSIONER
STATE OF ARKANSAS