

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

**IN THE MATTER OF  
THE REPORT OF EXAMINATION OF  
SELECTED FUNERAL AND LIFE  
INSURANCE COMPANY**

**A.I.D. NO. 2019- 24**

**ADOPTION ORDER**

Now on this day the matter of the Report of Examination (“Report”) as of December 31, 2017, of Selected Funeral and Life Insurance Company (“Company”) of Hot Springs, Arkansas, NAIC No. 83836, 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 Company is an Arkansas-domiciled life and accident and health insurer.
2. 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, 2017.
3. Said examination was commenced by the Department on April 16, 2018, and completed on February 8, 2019.
4. The verified Report of Examination was filed with the Department on April 1, 2019. It was then mailed to the Company via certified mail on April 1, 2019.

The Company received the Report on April 2, 2019, according to the tracking service available through the United States Postal Service.

5. The examination found that the draft independent audit report is presented to the Audit Committee by Company management rather than the accountant that performed the audit.

6. In correspondence dated April 19, 2019, the Company acknowledged receipt of the Report.

### **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.

3. The lack of direct communication between the auditor and the Audit Committee is in violation of Department Rule 25, § 14(F)(1), which requires the accountant that performs an audit under Department Rule 25 to report timely to the Audit Committee.

**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 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 accountant performing an audit pursuant to Department Rule 25 shall timely report directly to the Audit Committee as required by that Rule.

**IT IS SO ORDERED** this 29<sup>th</sup> day of April, 2019.

  
**ALLEN KERR**  
**INSURANCE COMMISSIONER**  
**STATE OF ARKANSAS**