May 2, 2019

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Gordon Haydel, Executive Director
Mississippi Life and Health Insurance Guaranty Association
Post Office Box 4562
Jackson, MS 39296-4562

RE: Report of Examination as of December 31, 2017

Dear Mr. Haydel:

In accordance with Miss. Code Ann. § 83-5-201 et seq. and § 83-23-227 (Rev. 2011), an examination of your Association 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. 2011), 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

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 MISSISSIPPI
LIFE AND HEALTH INSURANCE GUARANTY
ASSOCIATION

CAUSE NO. 19-7425

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. and § 83-23-227 (Rev. 2011). 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. and § 83-23-227 (Rev. 2011).

II.

That the Mississippi Life and Health Insurance Guaranty Association Act created the Association as a nonprofit legal entity, adopted by the Mississippi legislature in 1985, to protect policyholders, beneficiaries, annuitants, payees and assignees of life insurance policies, health insurance policies, immediate or deferred annuity contracts and supplemental contracts, subject to
certain limitations, against failure in the performance of contractual obligations due to the impairment or insolvency of a member insurer issuing such policies or contracts.

FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. and § 83-23-227 (Rev. 2011), called for an examination of the Mississippi Life and Health Insurance Guaranty Association and appointed R. Dale Miller, Examiner-In-Charge, to conduct said examination.

IV.

That on or about January 29, 2019, the draft Report of Examination concerning the Mississippi Life and Health Insurance Guaranty Association for the period of January 1, 2013 through December 31, 2017, was submitted to the Department by the Examiner-In-Charge, R. Dale Miller.

V.

That on or about February 21, 2019, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2011), the Department forwarded to the Association a copy of the draft report and allowed the Association a 30-day period to submit any rebuttal to the draft report. On or about March 20, 2019, the Association responded by email.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 2011), 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, that the Report of Examination of the Mississippi Life and Health Guaranty Association, 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 Association by certified mail, postage prepaid, 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. 2011).

**IT IS FURTHER ORDERED**, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2011), that within thirty (30) days of the issuance of the adopted report, the Mississippi Life and Health Insurance Guaranty Association 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 the Mississippi Life and Health Insurance Guaranty Association 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 2\textsuperscript{nd} day of May 2019.

\[Signature\]

MARK HAIRE
DEPUTY 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 2nd day of May 2019, to:

Mr. Gordon Haydel, Executive Director
Mississippi Life and Health Insurance Guaranty Association
Post Office Box 4562
Jackson, MS 39296-4562

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 Life and Health Insurance Guaranty Association

as of

December 31, 2017
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EXAMINER'S AFFIDAVIT AS TO STANDARDS AND PROCEDURES USED IN AN EXAMINATION

State of Mississippi,
County of Madison,

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

1. I have authority to represent the Mississippi Insurance Department in the examination of Mississippi Life and Health Insurance Guaranty Association as of December 31, 2017.

2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination report, and the examination of the Mississippi Life and Health Insurance Guaranty Association 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 R. Dale Miller on this 20th day of February, 2019.

Notary Public

My commission expires October 10, 2020 [date].
December 19, 2018

Honorable Mike Chaney
Commissioner of Insurance
Mississippi Insurance Department
1001 Woolfolk Building
501 North West Street
Jackson, Mississippi 39201

Dear Commissioner Chaney:

Pursuant to your instructions and authorization and in compliance with statutory provisions, an examination has been conducted, as of December 31, 2017, of the affairs and financial condition of:

MISSISSIPPI LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION
330 North Mart Plaza
Jackson, Mississippi 39206

MAILING ADDRESS
Post Office Box 4562
Jackson MS 39296-4562

This examination was commenced in accordance with Miss. Code Ann. §83-23-201 through §83-23-237 and Miss. Code Ann. §83-5-205 was performed in Jackson, Mississippi, at the home office of the Association. The report of examination is herewith submitted.
SCOPE OF EXAMINATION

We have performed a financial examination of Mississippi Life and Health Insurance Guaranty Association ("Association"). This examination covers the period January 1, 2013 through December 31, 2017.

We conducted our examination under specific direction of the Mississippi Insurance Department ("MID") and using the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook ("Handbook"), as applicable. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, and evaluate system controls.

All accounts and activities of the Association were considered in accordance with the guidance indicated above. This may include assessing significant estimates made by management and evaluating management’s compliance with applicable law. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination, an adjustment is identified, the impact of such adjustment will be documented separately following the Association’s financial statements.

This examination report includes significant findings of fact and general information about the entity and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Association.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

No findings were noted during the Association’s previous examination.

HISTORY OF THE ASSOCIATION

The Mississippi Life and Health Insurance Guaranty Association Act ("Act") created the Association as a nonprofit legal entity, adopted by the Mississippi legislature in 1985, to protect policyholders, beneficiaries, annuitants, payees and assignees of life insurance policies, health insurance policies, immediate or deferred annuity contracts and supplemental contracts, subject to certain limitations, against failure in the performance of contractual obligations due to the impairment or insolvency of a member insurer issuing such policies or contracts. Any insurer licensed to transact direct life insurance, health insurance, annuity contracts and supplemental contracts in the State of Mississippi is a member insurer of the Association. As provided in Miss. Code Ann. §83-23-211, all member insurers shall be and remain members of the Association as a condition of their authority to transact business in Mississippi. Members of the Association are
subject to assessment to provide funds to carry out the purpose of the Act.

The Association performed its functions under a Plan of Operation approved by the Commissioner of Insurance of the State of Mississippi (the “Commissioner”) as provided in Miss. Code Ann. §83-23-219(1)(a) and exercised its powers through a Board of Directors (“Board”) established under Miss. Code Ann. §83-23-213. The Association is subject to the immediate supervision of the Commissioner and to the applicable provisions of the insurance laws of the State of Mississippi.

CORPORATE RECORDS

The minutes of the meetings of the Board, regarding the Association’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 Association’s transactions and events, as well as the review of its audit report.

MANAGEMENT AND CONTROL

Management

Gordon Haydel served as Executive Director of the Association. Authority was appropriately delegated by the Board to the Executive Director for proper operation of the Association.

Board of Directors

Article IV of the Plan of Operation required that the Board consist of not less than five nor more than nine member insurers as established from time to time by resolution of the Board prior to the election of directors. The standard term for a directorship was three years with staggered terms, so that all director terms would not expire simultaneously.

The following were members of the Board as of December 31, 2017.

<table>
<thead>
<tr>
<th>Insurer Representative</th>
<th>Year Term Ending</th>
<th>Board Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marshall T. Shows, Jr. Chairman</td>
<td>2018</td>
<td>Southern Farm Bureau Life Insurance Company</td>
</tr>
<tr>
<td>Michael A. Colliflower</td>
<td>2018</td>
<td>American Continental Insurance Company</td>
</tr>
<tr>
<td>Charles H. Shamburger, III</td>
<td>2018</td>
<td>American Bankers Life Assurance Company of Florida</td>
</tr>
<tr>
<td>Bryan A. Lagg</td>
<td>2019</td>
<td>Blue Cross &amp; Blue Shield of Mississippi, A</td>
</tr>
</tbody>
</table>
Committees

During the time period covered by this examination, the following committees were utilized by the Association to carry out certain specified duties: (1) Audit Committee, (2) Executive Committee, and (3) Nominating Committee. The committee minutes were reviewed and appeared to be in order.

Audit Committee:
The Audit Committee was primarily responsible for the oversight of the external auditor and all matters related to the external auditor, such as assessment of independence, meetings with the external auditor, and review of the audited financial statements. Based on review of the committee minutes, the Audit Committee generally met once a year. Members of the Audit Committee served a one year term which expired on the date of the next annual meeting of the Board.

Nominating Committee:
The Nominating Committee was responsible for selecting a nominee to succeed each Board member whose term expired at the annual meeting of the member insurers. Based on review of the committee minutes, the Nominating Committee generally met once a year. The Chairman appoints the members of this committee on an annual basis.

Executive Committee
The Executive Committee had the power to exercise, conduct, and control the business of the Association between the meetings of the Board. Members of the Executive Committee served a one year term which expired on the date of the next annual meeting of the Board. Based on review of the committee minutes, the Executive Committee generally met once a year.

The following were members of the committees as of December 31, 2017.

<table>
<thead>
<tr>
<th>Audit Committee</th>
<th>Executive Committee</th>
<th>Nominating Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles H. Shamburger, III,</td>
<td>Marshall T. Shows, Jr.,</td>
<td>Ronald H. Doughty,</td>
</tr>
<tr>
<td>Chairman</td>
<td>Chairman</td>
<td>Chairman</td>
</tr>
<tr>
<td>Richard S. Cothern</td>
<td>Bryan A. Lagg</td>
<td>Bryan A. Lagg</td>
</tr>
<tr>
<td>Bryan A. Lagg</td>
<td>Charles H. Shamburger, III</td>
<td></td>
</tr>
</tbody>
</table>

Conflict of Interest
The Association had formal procedures whereby disclosures were made to the Board of any
material interest or affiliation on the part of any officer or director that was, or would likely be, a conflict with their official duties.

**Member Insurers**

As of December 31, 2017, there were approximately 768 insurance companies that were subject to the Act and were therefore members of the Association.

**SIGNIFICANT ASSOCIATION TRANSACTIONS**

**Assessments and Estate Recoveries**

For purposes of administration and assessment, the Association maintained two accounts, the life insurance and annuity account and the health insurance account. As provided in Miss. Code Ann. §83-23-217, in order to provide funds necessary to carry out the power and duties of the Association, the Board was authorized to assess member insurers, separately for each account, at such time and for such amounts as the Board found necessary to fulfill the purpose of the Association.

Class A assessments were made for the purpose of meeting administrative and legal costs and other general expenses and were authorized and called whether or not related to a particular impaired or insolvent insurer. The amount of any Class A assessment was determined by the Board pursuant to the Act, which allowed for a maximum non-pro-rata Class A assessment of $300 per member insurer in any calendar year.

Class B assessments were authorized and called to the extent necessary to carry out the powers and duties of the Association under Miss. Code Ann. §83-23-215 with regard to an impaired or insolvent insurer. Class B assessments against member insurers for each account were in relation to the premiums received in the State of Mississippi by each assessed member insurer on policies covered by each account for the three most recent calendar years for which information was available preceding the year in which the insurer became impaired or insolvent, compared to such premiums received in Mississippi for such calendar years by all assessed member insurers.

Class A and Class B assessment receipts for each year under examination were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Class A Assessment Total</th>
<th>Class B Assessment Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$447,900</td>
<td>$6,535,738</td>
</tr>
<tr>
<td>2016</td>
<td>$231,300</td>
<td>$0</td>
</tr>
<tr>
<td>2015</td>
<td>$239,279</td>
<td>$0</td>
</tr>
<tr>
<td>2014</td>
<td>$118,650</td>
<td>$0</td>
</tr>
<tr>
<td>2013</td>
<td>$115,950</td>
<td>$0</td>
</tr>
</tbody>
</table>
Cash receipts from estate recoveries for each year under examination were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Estate Recoveries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$115,181</td>
</tr>
<tr>
<td>2016</td>
<td>$1,499,633</td>
</tr>
<tr>
<td>2015</td>
<td>$108,626</td>
</tr>
<tr>
<td>2014</td>
<td>$10,700,091</td>
</tr>
<tr>
<td>2013</td>
<td>$1,255,325</td>
</tr>
</tbody>
</table>

**Benefit Obligations**

Generally, direct individual or direct group life and health insurance policies as well as individual annuity contracts issued by the Association’s member insurers were covered by the Association. As provided in Miss. Code Ann. §83-23-205(3), the benefits that the Association was obligated to cover could not exceed the lesser of the contractual obligations for which the insurer would have been liable if it were not an impaired or insolvent insurer or the following:

<table>
<thead>
<tr>
<th>Type of Policy</th>
<th>Maximum Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Insurance</td>
<td>$300,000 in death benefits, per insured life</td>
</tr>
<tr>
<td></td>
<td>$100,000 in cash surrender or withdrawal value, per insured life</td>
</tr>
<tr>
<td>Annuities</td>
<td>$250,000 in present value of allocated annuity benefits and structured settlement annuity benefits including cash surrender and withdrawal value, per contract owner</td>
</tr>
<tr>
<td></td>
<td>$5,000,000 per contract holder for unallocated annuity benefits, per contract owner</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>$500,000 in basic hospital, medical, and surgical benefits or major medical benefits, per insured life</td>
</tr>
<tr>
<td></td>
<td>$300,000 in disability or long-term care benefits, per insured life</td>
</tr>
<tr>
<td></td>
<td>$100,000 in other health insurance benefits not defined above including any net cash surrender or withdrawal value, per insured life</td>
</tr>
</tbody>
</table>

**Claims and Expense Disbursements**

The Association classified expenses as Class A or Class B based upon the statutory framework of the Act. Such classifications were made on a basis management considered reasonable under the circumstances. Class A expenses were primarily related to general expenses while Class B expenses were for the payment of claims and claims administration expenses specific to an
insolvency. Total Class A and Class B expense disbursements for each year under examination were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Class A Expense Totals</th>
<th>Class B Expense Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$333,187</td>
<td>$13,590,612</td>
</tr>
<tr>
<td>2016</td>
<td>$263,379</td>
<td>$668,495</td>
</tr>
<tr>
<td>2015</td>
<td>$248,189</td>
<td>$538,155</td>
</tr>
<tr>
<td>2014</td>
<td>$269,547</td>
<td>$1,569,702</td>
</tr>
<tr>
<td>2013</td>
<td>$248,086</td>
<td>$827,200</td>
</tr>
</tbody>
</table>

**Insolvency Third Party Administrators**

The Association with oversight and assistance from the National Organization of Life and Health Insurance Guaranty Associations maintained third party administrator agreements with various claims administrators for certain liquidations for which the Association had statutory obligations. The third party administrators used by the Association at December 31, 2017 were as follows:

<table>
<thead>
<tr>
<th>Third Party Administrator</th>
<th>Insurance Company &amp; its affiliate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disability Insurance Specialists</td>
<td>Life &amp; Health Insurance Company of America</td>
</tr>
<tr>
<td>Guaranty Association Benefits Company</td>
<td>Executive Life Insurance Company of New York</td>
</tr>
<tr>
<td>Insurance Administrative Solutions, LLC</td>
<td>Booker T. Washington Life Insurance Company and wholly owned subsidiary, Universal Life Insurance Company</td>
</tr>
<tr>
<td>Liquidator</td>
<td>Lincoln Memorial Life Insurance Company</td>
</tr>
<tr>
<td>Liquidator</td>
<td>National States Insurance Company</td>
</tr>
<tr>
<td>LTC Reinsurance PCC</td>
<td>Penn Treaty Network America Insurance Company and wholly owned subsidiary, American National Insurance Company</td>
</tr>
<tr>
<td>Tokio Marine HHC</td>
<td>Reliance Insurance Company</td>
</tr>
</tbody>
</table>

At December 31, 2017, the following were active insolvencies with respect to which the Association had statutory obligations.

<table>
<thead>
<tr>
<th>Insolvency</th>
<th>Year Liquidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Mutual Liability Insurance Company and American Mutual Insurance Company of Boston</td>
<td>1989</td>
</tr>
<tr>
<td>American Independence Life Insurance Company</td>
<td>1991</td>
</tr>
</tbody>
</table>
Executive Life Insurance Company | 1991
Andrew Jackson Life Insurance Company | 1993
Family Guaranty Life Insurance Company | 1999
First National Life Insurance Company of America | 1999
Franklin Protective Life Insurance Company | 1999
Reliance Insurance Company | 2001
Life & Health Insurance Company of America | 2004
Benicorp Insurance Company | 2007
Lincoln Memorial Life Insurance Company | 2008
Booker T. Washington Life Insurance Company and Universal Life Insurance Company | 2010
Imerica Life and Health Insurance Company | 2010
National States Insurance Company | 2010
Executive Life Insurance Company of New York | 2013
Universal Health Care Insurance Company, Inc. | 2013
Lumbermens Mutual Casualty Company | 2013
Unity Life Insurance Company* | 2015
SeeChange Health Insurance Company | 2015
American Medical and Life Insurance Company | 2016
Penn Treaty Network American Insurance Company and American Network Insurance Company | 2017

*Although the inforce policies of this company were assumed by a member insurer, during 2017 the Association paid legal and other administrative expenses related to estate recoveries, and as such, was listed as a current insolvency.

**Line of Credit**

The Association had an unused line of credit available with a local bank in the amount of $2,000,000 which was renewed each June 30th. No borrowings were made on the line of credit during the examination period.

**Affiliated and Related Party Transactions**

On a month by month basis, the Association paid its Executive Director for the office space it occupied. Rent payments were $800 per month. Rent expenses paid during the year was $9,600 for the years ended December 31, 2017, 2016, and 2015, and was $12,000 and $7,200 for the years
ended December 31, 2014 and 2013, respectively.

**FIDELITY BOND AND OTHER INSURANCE**

The Association’s fidelity bond coverage was found to be adequate as the policy covered a limit of liability of $250,000 per covered employee.

**PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS**

The Association provides no pension, stock ownership or other insurance plans.

**TERRITORY AND PLAN OF OPERATION**

The Association was not a state agency and received no funding from the State of Mississippi. The Association was composed of all insurers licensed to sell life insurance, accident and health insurance, and individual annuities in the State of Mississippi. In the event that a member insurer becomes insolvent and is ordered to be liquidated by a court, the Act enables the Association to provide protection (up to the limits disclosed in the Act) to Mississippi residents who are holders of life and health insurance policies and individual annuities with the insolvent insurer.

**ACCOUNTS AND RECORDS**

All transactions were manually posted to the general ledger by a consulting CPA. The Association primarily recognized transactions on a cash basis during the year. The Association utilized a dBase system for the generation of Class A and Class B assessments which was performed by a separate consulting accountant. The Association was audited annually by an independent CPA firm. The financial statements were prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.
Introduction

The Association used the cash receipts and cash disbursements basis of reporting as it most appropriately presented the activities of the Association as required by law. Therefore, revenue and the related assets were recognized when received rather than when earned, and expenses were recognized when paid rather than when the obligation was incurred. The financial statements were not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The following financial statements reflect the same amounts reported by the Association and consist of a Statement of Cash Receipts and Disbursements for the examination period ended December 31, 2017.
## Statement of Cash Receipts and Disbursements

**December 31** 2017

### Cash Receipts

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments - Class A</td>
<td>$447,900</td>
</tr>
<tr>
<td>Assessments - Class B</td>
<td>$6,535,738</td>
</tr>
<tr>
<td>Estate Recoveries - Class B</td>
<td>$115,181</td>
</tr>
<tr>
<td>Interest - Class B</td>
<td>$121,464</td>
</tr>
<tr>
<td><strong>Total cash receipts</strong></td>
<td><strong>$7,220,283</strong></td>
</tr>
</tbody>
</table>

### Cash Disbursements

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative expenses - Class A</td>
<td>$333,187</td>
</tr>
<tr>
<td>Claims and claims administrative expenses - Class B</td>
<td>$13,590,612</td>
</tr>
<tr>
<td><strong>Total cash disbursements</strong></td>
<td><strong>$13,923,799</strong></td>
</tr>
</tbody>
</table>

Excess of disbursements over receipts (6,703,516)

Cash and cash equivalents at beginning of year 28,863,225

| Cash and cash equivalents at end of year                         | $22,159,709 |
COMMITMENTS AND CONTINGENT LIABILITIES

During and subsequent to the examination period, the Association was not involved in litigation outside the normal course of the handling of insolvencies.

SUBSEQUENT EVENTS

The examination did not identify any significant subsequent events deemed appropriate for inclusion in the examination report.

COMMENTS AND RECOMMENDATIONS

The examination did not identify any material comments and/or recommendations deemed appropriate for inclusion in the examination report.
ACKNOWLEDGMENT

The examiners representing the Mississippi Insurance Department and participating in this examination were:

Supervising Examiner: Joseph R. May, CPA, CFE, CMA, CIE
Examiner-in-Charge: R. Dale Miller, CPA, CFE, CFF
Senior Examiner: Andrea Harbison, CPA
Examiner: Daniel Bryde
Examiner: Katie Pickering

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

Mark Cooley, CFE
MS Insurance Department Designee