



GEORGE DALE
Commissioner of Insurance
State Fire Marshal

LEE HARRELL
Deputy Commissioner

STATE OF MISSISSIPPI
Mississippi Insurance Department

501 N. West Street
1001 Woolfolk Building (39201)
Post Office Box 79
Jackson, Mississippi 39205-0079
(601) 359-3569
<http://www.doi.state.ms.us>

October 31, 2006

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Alan L. Moore, President
Mississippi American Life Insurance Company
409 Briarwood Drive, Suite 301
Jackson, MS 39206

RE: Report of Examination as of December 31, 2005

Dear Mr. Moore:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999), an examination of your Company has been completed. Enclosed herewith is the Order adopting the report and a copy of the final Report as adopted.

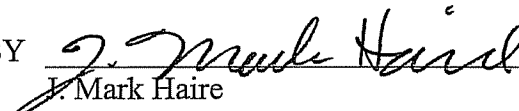
Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 1999), the Mississippi Department of Insurance shall continue to hold the content of said Report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department will open the Report for public inspection.

If you have any questions or comments, please feel free to contact me.

Sincerely,

GEORGE DALE
COMMISSIONER OF INSURANCE

BY


J. Mark Haire
Special Assistant Attorney General

GD/JH/bs
Encls. Order w/exhibit

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF MISSISSIPPI**

**IN RE: REPORT OF EXAMINATION OF MISSISSIPPI
 AMERICAN LIFE INSURANCE COMPANY**

CAUSE NO. 06-5317

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. (Rev. 1999). 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. (Rev. 1999).

II.

That Mississippi American Life Insurance Company is a Mississippi-domiciled Company licensed to write Industrial Life and Industrial Accident and Health coverage.

FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999), called for an examination of Mississippi American Life Insurance Company and appointed Dale Miller, Examiner-In-Charge, to conduct said examination.

IV.

That on or about September 12, 2006, the draft Report of Examination concerning Mississippi American Life Insurance Company for the period of January 1, 2003 through December 31, 2005, was submitted to the Department by the Examiner-In-Charge, Dale Miller.

V.

That on or about October 5, 2006, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 1999), the Department forwarded to the Company a copy of the draft report and allowed the Company a 30-day period to submit any rebuttal to the draft report. On or about October 13, 2006, the Company accepted the draft report as is.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 1999), 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 Mississippi American Life Insurance Company attached hereto as Exhibit "A", should be and same is hereby adopted as final.

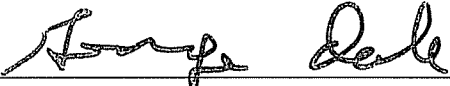
IT IS FURTHER ORDERED that a copy of the adopted Report of Examination, accompanied with this Order, shall be served upon the Company by certified mail, postage pre-paid, return receipt requested.

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. 1999).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 1999), that within thirty (30) days of the issuance of the adopted report, Mississippi American Life Insurance Company 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 Mississippi American Life Insurance Company 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 31st day of October, 2006.

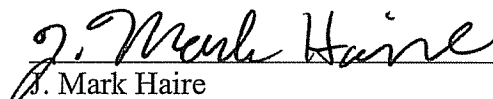


GEORGE DALE
COMMISSIONER OF INSURANCE

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 31st day of October, 2006, to:

**Mr. Alan L. Moore, President
Mississippi American Life Insurance Company
409 Briarwood Drive, Suite 301
Jackson, MS 39206**



J. Mark Haire
Special Assistant Attorney General

J. Mark Haire
Special Assistant Attorney General
Counsel for the Mississippi Department of Insurance
Post Office Box 79
Jackson, MS 39205-0079
(601) 359-3577
Miss. Bar No. 2065



Mississippi Insurance Department

Report of Examination

of

Mississippi American Life Insurance Company

**409 Briarwood Drive, Suite 301
Jackson, Mississippi 39206**

As of December 31, 2005

**NAIC Company Code 89141
NAIC ETS No. MS029-C22**

**MISSISSIPPI AMERICAN LIFE INSURANCE COMPANY
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DECEMBER 31, 2005**

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EXAMINER'S AFFIDAVIT AS TO STANDARDS AND
PROCEDURES USED IN AN EXAMINATION

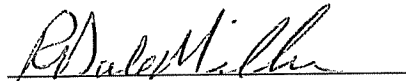
State of Mississippi,

County of Hinds,

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

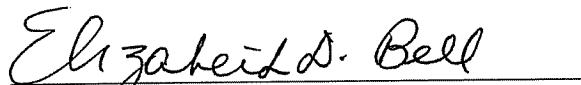
1. I have authority to represent the State of Mississippi in the examination of Mississippi American Life Insurance Company as of December 31, 2005.
2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.
3. I have prepared the examination report, and the examination of Mississippi American Life Insurance Company, as of December 31, 2005, 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, CFE, CPA
Examiner-In-Charge

Subscribed and sworn before me by Dale Miller on October 16, 2006.

(SEAL)


Notary Public

My commission expires NOTARY PUBLIC STATE OF MISSISSIPPI AT LARGE
MY COMMISSION EXPIRES: Nov 23, 2006
BONDED THRU NOTARY PUBLIC UNDERWRITERS



GEORGE DALE
Commissioner of Insurance
State Fire Marshal

LEE HARRELL
Deputy Commissioner of Insurance

STATE OF MISSISSIPPI
Mississippi Insurance Department

501 N. West Street
1001 Woolfolk Building (39201)
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Jackson, Mississippi 39205-0079
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August 16, 2006

Honorable George Dale
Commissioner of Insurance
State of Mississippi
Mississippi Insurance Department
501 N. West Street
1001 Woolfolk Building (39201)
Post Office Box 79
Jackson, Mississippi 39205-0079

Honorable Eleanor Kitzman
Secretary, Southeastern Zone
South Carolina Department of Insurance
Director of Insurance
300 Arbor Lake Drive, Suite 1200
Columbia, South Carolina 29223

Honorable Alfred W. Gross
Chair, Financial Condition (E) Committee
Commissioner of Insurance
State of Virginia
State Corporation Commission
Bureau of Insurance
Commonwealth of Virginia
Post Office Box 1157
Richmond, Virginia 23218

Dear Sirs and Madam:

Pursuant to the instructions and authorization from the Commissioner of Insurance for the State of Mississippi, and in compliance with statutory provisions, an examination as of December 31, 2005 has been conducted of the affairs and financial condition of:

MISSISSIPPI AMERICAN LIFE INSURANCE COMPANY
(NAIC COMPANY CODE 89141; NAIC-ETS No. MS029-C22)
Statutory Home Office
409 Briarwood Drive, Suite 301
Jackson, Mississippi 39206

This examination was performed at Mississippi American Life Insurance Company's statutory home office in Jackson, Mississippi, and was conducted in accordance with Miss. Code Ann. §83-5-201 et seq., and the report of examination is herewith submitted for your review.

INTRODUCTION

The examination period, for purposes of this report, is January 1, 2003 through December 31, 2005, and the examination date is December 31, 2005. The examination was performed by examiners representing the Mississippi Insurance Department (MID) and covered Mississippi American Life Insurance Company's (MALICO or Company) operations and financial condition through the examination period, including material transactions and/or events that occurred subsequent to the examination date and were noted during the course of the examination. The Company's previous examination was as of December 31, 2002, and the previous report of examination was dated June 26, 2003.

SCOPE OF EXAMINATION

The examination of the Company was a full scope financial examination conducted in a manner consistent with the standards and procedures required by the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*, as amended, as well as the MID, and included an assessment of the Company's financial condition, its ability to fulfill and manner of fulfillment of its obligations, the nature of its operations and compliance with applicable laws. A full scope market conduct examination was not performed; however, limited procedures were performed on certain areas of the Company's market conduct.

The examiners tested the underlying data that supported the Company's aggregate reserves and related premium accounting. The amounts included within the financial statements contained in this report for the aggregate reserves and related premium accounting were based on the review and opinion of the Examination Actuary who was assigned to the examination by the MID.

HISTORY OF THE COMPANY

The Company was incorporated on December 2, 1977, under the laws of the State of Mississippi. The Articles of Association authorized capital of \$50,000 (500 shares of \$100 par value common capital stock) and the Company commenced operations on January 1, 1978, with its principal office located in Jackson, Mississippi.

On December 26, 1990, the Articles of Association were amended to increase the par value of the Company's common capital stock to \$200.

As of December 31, 2005 the Company had 500 shares of its \$200 par value common capital stock issued and outstanding.

MANAGEMENT AND CONTROL

The Articles of Association and Bylaws vest the management and control of the Company's business affairs with the Board of Directors (Board). As of December 31, 2005,

the members of the duly elected Board along with their place of residence and principal occupation were as follows:

<u>Name and Place of Residence</u>	<u>Principal Occupation</u>
Mr. E. Don Moore Jackson, Mississippi	Chairman Mississippi American Life Insurance Co.
Mrs. Doris Moore Jackson, Mississippi	Vice-Chairman Mississippi American Life Insurance Co.
Mr. Alan L. Moore Jackson, Mississippi	Attorney McGlinchey Stafford Law Firm

The following officers were duly elected by the Board and held the following offices as of December 31, 2005:

<u>Name</u>	<u>Title</u>
Mr. E. Don Moore	Chairman
Mr. Alan L. Moore	President
Mrs. Gayla E. Sanders	Secretary/Treasurer

CORPORATE RECORDS

The minutes of the meetings of the Board, taken during the period covered by the examination, were reviewed and appeared to be complete and in order with regard to recording the actions and deliberations of the Company's Board.

CONFLICT OF INTEREST

The directors and officers of the Company prepared conflict of interest statements for the period under examination. These statements were reviewed, and no conflicts of interest were disclosed.

HOLDING COMPANY STRUCTURE

During this examination period, the Company was a member of an insurance holding company structure as defined in Miss. Code Ann. §83-6-1. As of December 31, 2005, the Company's outstanding capital stock was owned by the following:

<u>Stockholder</u>	<u>Shares Owned</u>
Alan L. Moore	180
Alan L. Moore Family Trust	140
Don W. Moore Family Trust	56
E. Don Moore	48
Doris W. Moore	48
Julie Moore	<u>28</u>
Total	<u>500</u>

CONSULTING AGREEMENT

Effective February 1, 1994, the Company entered into a month-to-month consulting agreement with Mr. Alan L. Moore, whereby Mr. Moore provides general consulting and advice as needed on matters relating to legal and organizational issues, investments and investment policies, technology utilization, and office organization. During the examination period, Mr. Moore was paid \$10,000 per month under the terms of the consulting agreement, as amended.

FIDELITY BONDS AND OTHER INSURANCE

The Company, as of the examination date, had fidelity coverage with an aggregate limit of \$75,000, which met the NAIC's suggested minimum amount of coverage for an insurance company of this size. Also, the Company's other active insurance coverage appeared adequate to protect the Company's interests.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2005, the Company was licensed to transact business in the State of Mississippi. During the examination period, the Company issued industrial life insurance coverage through funeral homes and independent agents.

STATUTORY DEPOSITS

The Company's statutory deposits with the State of Mississippi complied with Miss. Code Ann. §83-19-31(2). The Company had the following statutory deposits as of the examination date:

Description of Security	Par Value
US Treasury Note	\$ 50,000
Household Finance Bond	<u>\$365,000</u>
Total	<u>\$415,000</u>

MARKET CONDUCT REVIEW

A full scope market conduct examination was not performed; however, limited procedures were performed on certain areas of the Company's market conduct. The areas in which limited procedures were performed included policy forms, agents' licensing, advertising, premium charges, and handling of claims and complaints. No significant exceptions were noted in regard to the limited procedures performed.

ACCOUNTS AND RECORDS

The Company's records and accounting processes were maintained on desktop computers. Policy administration was maintained in Microsoft Access while the Company's accounting records were maintained using Peachtree Accounting Program for Windows. The Company's income tax returns and annual statements were prepared by an outside accounting firm. The Company's reserves were calculated and opined by a consulting actuary.

FINANCIAL STATEMENTS

The following financial statements, as determined by the financial examination, consist of a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2005, a Summary of Operations for the year ended December 31, 2005, a Reconciliation of Surplus and Other Funds for the examination period ended December 31, 2005, and a Reconciliation of Adjustments to Surplus as of December 31, 2005.

MISSISSIPPI AMERICAN LIFE INSURANCE COMPANY
STATEMENT OF ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2005

Assets

Bonds	\$ 2,355,881
Mortgage loans	21,241
Real estate	378,217
Cash and short-term investments	968,484
Investment income due and accrued	27,617
Life premiums deferred and uncollected	47,782
Electronic data processing equipment	<u>7,322</u>
Total Assets	<u>\$ 3,806,544</u>

Liabilities, Surplus and Other Funds

Aggregate reserve for life policies and contracts	\$ 3,400,215
Life policy and contract claims	18,000
Premiums received in advance	26,168
General expenses due or accrued	19,000
Taxes, licenses and fees due or accrued	2,232
Asset valuation reserve	<u>33,227</u>
Total Liabilities	<u>3,498,842</u>
Common capital stock	100,000
Gross paid in and contributed surplus	26,415
Unassigned funds	<u>181,287</u>
Total Surplus and Other Funds	<u>307,702</u>
Total Liabilities, Surplus and Other Funds	<u>\$ 3,806,544</u>

MISSISSIPPI AMERICAN LIFE INSURANCE COMPANY
SUMMARY OF OPERATIONS
FOR YEAR ENDED DECEMBER 31, 2005

INCOME:

Premium income	\$ 1,415,143
Net investment income	<u>153,585</u>
Total income	<u>1,568,728</u>

BENEFITS AND OPERATING EXPENSES:

Death benefits	416,199
Surrender benefits and other withdrawals	135,753
Increase in aggregate reserves for life policies	122,016
Commissions on premiums	442,664
General insurance expenses	462,733
Insurance taxes, licenses and fees, excluding federal income taxes	<u>40,613</u>
Total benefits and operating expenses	<u>1,619,978</u>
Net loss from operations before realized capital gains	<u>(51,250)</u>
Realized capital gains	<u>94,484</u>
Net income	<u>\$ 43,234</u>

**MISSISSIPPI AMERICAN LIFE INSURANCE COMPANY
RECONCILIATION OF SURPLUS AND OTHER FUNDS
FOR EXAMINATION PERIOD ENDED DECEMBER 31, 2005**

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Capital and Surplus, beginning of year	\$ 262,861	\$ 308,229	\$ 308,507
Net income/(loss)	20,176	(2,556)	43,234
Change in unrealized capital gains/(losses)	52,134	34,773	(74,374)
Change in nonadmitted assets	12,659	(19,941)	(2,171)
Change in asset valuation reserve	<u>(39,601)</u>	<u>(11,998)</u>	<u>32,506</u>
Capital and Surplus, end of year	<u>\$308,229</u>	<u>\$308,507</u>	<u>\$307,702</u>

**MISSISSIPPI AMERICAN LIFE INSURANCE COMPANY
RECONCILIATION OF ADJUSTMENTS TO SURPLUS
DECEMBER 31, 2005**

There were no changes made within this examination report to the Assets, Liabilities, or Surplus and Other Funds balances reported by the Company within the 2005 Annual Statement. The Surplus and Other Funds reported by the Company of \$307,702 is accepted for examination purposes.

ACKNOWLEDGEMENT

The examiners representing the Mississippi Insurance Department who participated in the examination are listed below:

Manager:	Mr. Joseph R. May, CFE, CPA, CMA, CIE
Examiner-In-Charge:	Mr. R. Dale Miller, CFE, CPA
Examination Actuary:	Mr. Thomas L. Burger, FSA, MAAA

The courteous cooperation extended by the officers and employees of the Company is hereby acknowledged and appreciated.

Respectfully,



R. Dale Miller, CFE, CPA
Examiner-in-Charge