EXHIBIT A

STATE OF TENNESSEE

DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION

OF THE

MOUNTAIN LIFE INSURANCE COMPANY

(NAIC # 20080)

ALCOA, TENNESSEE 37701

AS OF

DECEMBER 31, 2013

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Alcoa, Tennessee
May 8, 2015

Honorable Julie Mix McPeak
Commissioner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

Dear Commissioner:

Pursuant to your instructions and in accordance with Tenn. Code Ann. § 56-1-408, regulations, and resolutions adopted by the National Association of Insurance Commissioners ("NAIC"), a full-scope financial examination and market conduct review has been made of the condition and affairs of:

MOUNTAIN LIFE INSURANCE COMPANY
NAIC # 20080
517 Airway Drive
Alcoa, Tennessee 37701

hereinafter generally referred to as the "Company", and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Commissioner of the Tennessee Department of Commerce and Insurance ("TDCI"), commenced on September 22, 2014, and was conducted by duly authorized representatives of the TDCI.

SCOPE OF EXAMINATION

The last examination of the Company was completed as of December 31, 2008. This examination report covers the period from January 1, 2009, through December 31, 2013, and includes any material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* and practices and procedures of the TDCI. The examination was planned to evaluate the financial condition of and identify prospective risks of the

Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination also assessed the principles used and significant estimates made by management, as well as evaluated the overall financial statement presentation, and management's compliance with Statutory Accounting Principles and annual statement instructions, when consistent with Tennessee statutes and regulations.

Our examination included a review of the Company's business policies and practices as well as management and corporate matters. In addition, our examination included tests to provide reasonable assurance that the Company was in compliance with applicable laws, rules and regulations. In planning and conducting our examination, we gave consideration to the concepts of materiality and risk, and our examination efforts were directed accordingly.

An examination of the Company's information systems was conducted in conjunction with this financial examination by the consulting firm of Noble Consulting Services, Inc. The actuarial firm of Lewis & Ellis, Inc. was used in the review of the Company's loss reserves. Workpapers of the Company's independent auditor, Vardy & Company CPAs, P.A., were reviewed and relied upon whenever possible to assist in the completion of examination procedures.

The Company provided a letter of representation, dated as of the date of this report, certifying that management has disclosed all significant matters, and is included in the workpapers of this examination.

COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS

The previous examination report, which was made as of December 31, 2008, did not contain any comments or recommendations.

COMPANY HISTORY

The Company originally incorporated on July 31, 1972, under the laws of the State of Arizona and was issued a Certificate of Authority to commence business as a domestic limited stock life and disability company on October 4, 1972. The Company's sole shareholder was the Bank of Maryville, Tennessee. On March 6, 1974, the Company applied to the Arizona Insurance Department for a full legal reserve status. On April 10, 1974, the Company was approved by the State of Arizona as a full legal reserve status life and disability company.

The Company operated strictly as a reinsurance company and reinsured risks from Old Security Insurance Company of Kansas City, Missouri from its inception until July 13, 1977, when Old Security Insurance Company was placed in receivership. At that time, the Company negotiated a new reinsurance agreement with Appalachian National Life Insurance Company of Knoxville, Tennessee, to reinsure risks written by Appalachian National.

The TDCI issued a Certificate of Authority on February 9, 1979, authorizing the Company to write credit life and credit accident and health insurance in Tennessee. Effective July 30, 1979, the Company redomesticated to Tennessee. The Company was authorized to write disability insurance on August 29, 1980, and ordinary and term life insurance on December 26, 1984.

The original authorized capital stock of the Company was 500,000 shares with a par value of $1.00 each. On November 22, 1978, the Company's charter was amended to increase the authorized number of shares of capital stock to 1,000,000 with 850,000 shares issued and outstanding on this date. The charter was amended on October 27, 1982, decreasing the number of authorized shares to 250,000, with a par value of $4.25 each. All 850,000 shares of issued and outstanding $1.00 par value common stock of the Company were converted into 209,478 shares of $4.25 par value common stock, amounting to an aggregate capital figure of $890,281.50. All existing certificates were canceled and a new certificate representing the $4.25 par value common stock was issued. Upon issuance thereof, the Company transferred $40,281.50 from the surplus account to the capital stock account.

On April 20, 1983, all the issued and outstanding common stock of the Company was sold by the Bank of Maryville, Maryville, Tennessee, to Mountain Services Corporation, Alcoa, Tennessee, pursuant to the terms of an agreement of sale dated March 1, 1983. Consequently, the Company became a direct subsidiary of Mountain Services Corporation.

On July 31, 1987, Mountain Services Corporation used $592,242 of the sale of its stock to purchase an additional 25,817 shares of common stock in its wholly-owned subsidiary at a purchase price of $22.94 per share. This transaction increased the capital stock by $109,722. The difference of $482,520 was transferred to gross paid in and contributed surplus.

On October 22, 1991, the Company amended its charter to increase the number of authorized shares of common stock to 2,000,000 with a $4.25 par value.

On October 31, 1991, the Board of Directors authorized the sole shareholder to purchase 105,883 shares of its $4.25 par value capital stock for $450,002.75. The Board also declared a stock dividend of 11,764 shares of $4.25 par value capital stock payable to the sole shareholder.

On July 1, 1994, Mountain Services Corporation transferred land and buildings with a net book value of $687,875 to the Company in exchange for 72,104 shares of the Company's stock.

In January 1995, Mountain Services Corporation contributed its investment in Smoky Mountain Life Insurance Company to the Company for the purpose of merging Smoky Mountain into the Company. The amount contributed to surplus was $442,591.

Effective December 30, 1999, Holston Valley Life Insurance Company, a wholly-owned subsidiary of the Company, was merged with and into the Company. There was no exchange of shares; rather, the issued and outstanding stock of Holston Valley Life Insurance Company was cancelled. The capital and surplus accounts of the companies were combined. The articles of merger were approved by the TDCI on December 21, 1999.

On December 28, 2010, an Amended and Restated Charter was approved by the TDCI. It was filed with the Tennessee Secretary of State on the same date. The amended charter was made effective as of January 1, 2011, and provided for the merger of Ridgeway Life Insurance Company, Middle Tennessee Life Insurance Company and Scenic City Life Insurance Company with and into the Company. It also allowed the Company to issue a series of Class B, non-voting common stock to the shareholders of the merging corporations for all of their issued and outstanding common stock. The merger was approved by the TDCI on December 14, 2010.

At December 31, 2013, the Company had 272,683 shares of $4.25 par value Class A common stock and 4,000 shares of $1 par value Class B non-voting common stock outstanding. The Company had $1,158,903 in common capital stock, $2,418,554 gross paid in and contributed surplus and $1,530,071 in unassigned funds (surplus).

MANAGEMENT AND CONTROL

MANAGEMENT

Management of the Company is vested in a Board of Directors which is elected annually by the shareholders. The maximum number of directors shall be fifteen (15); the minimum number of directors shall be three (3). The number of directors shall be determined by resolution of the Board of Directors. The directors shall hold their office until their successors shall have been elected and qualified. The duly elected directors serving at December 31, 2013 were as follows:

NAME	OCCUPATION
Philip Morelock Bachman, Jr.	Director, Mountain Services Corporation, President, Bachman-Bernard Motors
David Eugene Line	President and Chief Executive Officer, Mountain Services Corporation and Mountain Life Insurance Company
Ray Smith	Director, Mountain Services Corporation, President, Ray Smith Chevrolet-Buick

The number of directors serving was in compliance with the Company's charter.

The Company's Bylaws provide that the Board of Directors may elect an Executive Committee which shall consist of two (2) or more directors, and other committees, consisting of two (2) or more persons, who may or may not be directors, and may delegate to such committees all such authority of the Board permitted by law that it deems desirable.

BOARD COMMITTEE ASSIGNMENTS

Audit Committee

Ray Smith
Philip M. Bachman, Jr.

Investment Committee

Ray Smith
Earl R. Whaley, Sr.
David E. Line

Compensation Committee

Ray Smith
Philip M. Bachman, Jr.
Earl R. Whaley, Sr.

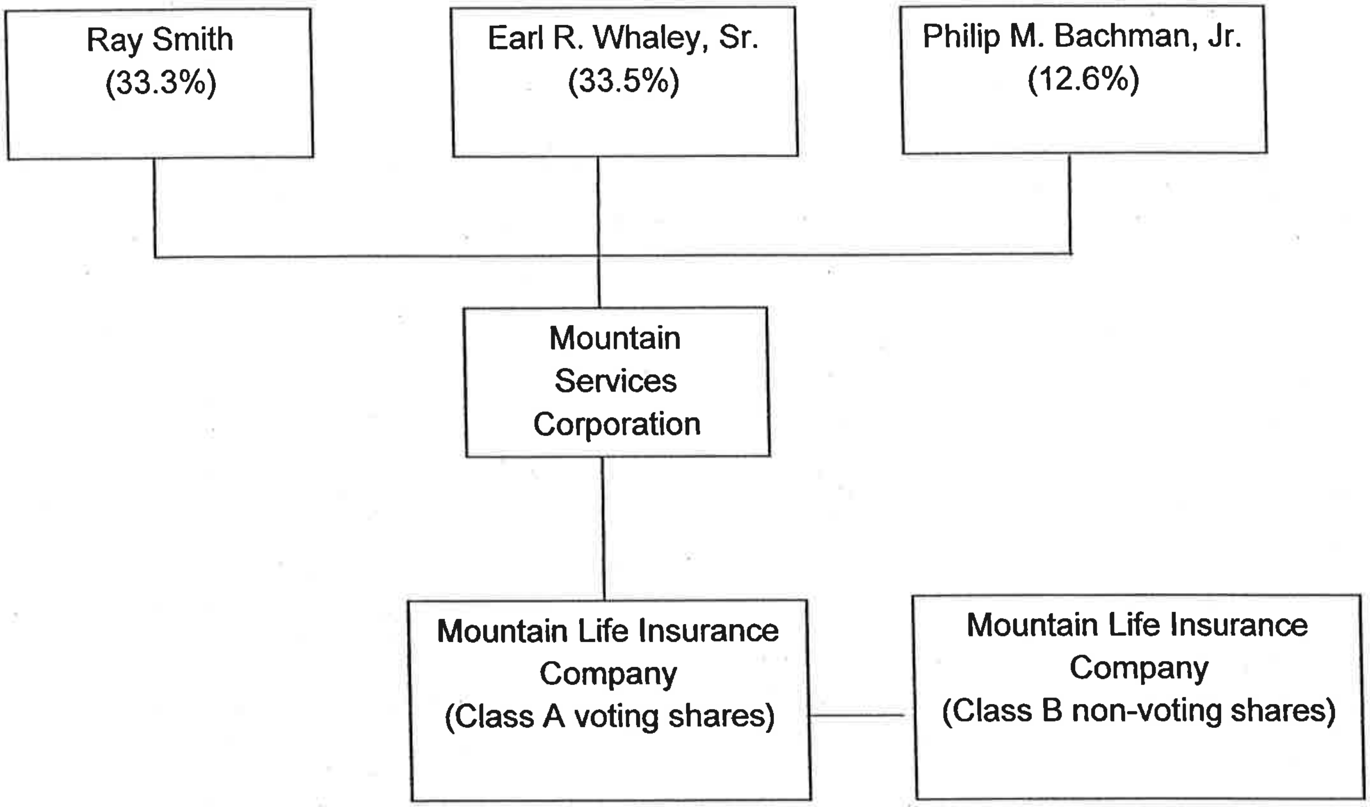
The Bylaws provide that the Board of Directors will annually elect a President, a Secretary, a Treasurer and a Chairman of the Board, along with such other officers and assistant officers, as may be deemed necessary. As of December 31, 2013, the following persons held office in the Company:

NAME	OFFICE
David Eugene Line	President and Treasurer
Regina Hensley McPherson	Vice President and Secretary
Mary Elizabeth Bunting	Vice President
Donna Price Yates	Second Vice President

CONTROL

One hundred percent (100%) of the Class A common stock voting shares of Mountain Life Insurance Company are owned by Mountain Services Corporation, a Tennessee corporation. Mountain Services Corporation has no other subsidiaries. Approximately ninety (90) shareholders own the 427,128 issued and outstanding shares of Mountain Services Corporation common stock. Three (3) individuals each own or beneficially hold ten percent (10%) or more of the common stock of Mountain Services Corporation. No other individual controls more than ten percent (10%) of the outstanding stock.

ORGANIZATIONAL CHART



Dividends

The following dividends were paid by the Company to its parent and Class B shareholders during the current examination period:

Year	Amount
2013	$393,470 Class B only
2012	$281,547 Class B only
2011	$775,000 Parent and Class B
2010	**$25,419 Parent**
2009	**$50,838 Parent**

PECUNIARY INTEREST AND CONFLICTS OF INTEREST

The Company has a conflict of interest policy for its directors, officers, and responsible employees, which prohibits officers and directors from having pecuniary interest in the investment or disposition of Company funds. The directors, officers and responsible employees file annual conflict of interest statements. These statements were reviewed for the period under examination. No exceptions were noted.

CORPORATE RECORDS

Minutes of meetings of the Board of the Company were reviewed for the period under examination, as well as minutes for meetings of various committees. Such minutes appear to be in proper order and accurately report the proceedings of each respective meeting. The review of the minutes indicates that all investment transactions were approved by the Board.

Charter

On December 28, 2010, an Amended and Restated Charter was approved by the TDCI. It was filed with the Tennessee Secretary of State on the same date. The amended charter was made effective as of January 1, 2011. It allowed the Company to issue Class B common stock following the merger, which is described more fully in the "Company History" section above. It states that the purpose for which the Company is organized is "to transact any and all lawful business which a domestic stock insurance company is authorized to conduct under the laws of the State of Tennessee, as such laws may exist and as they may be amended from time to time."

Bylaws

The Bylaws of the Company in effect at the date of examination were amended effective January 1, 2011. The Bylaws are such as are generally found in corporations of this type. They are consistent with the charter and contain no unusual provisions. They provide for the regulation of the business and for the conduct of the affairs of the Company, the directors, and the shareholders.

The Bylaws may be amended or repealed at the annual meeting of the stockholders, or at a special meeting of the stockholders or Board of Directors held for such purposes. Such a meeting is proper after due written notice has been mailed to each such stockholder or director not less than three (3) days before the meeting is held, giving the reason for the calling of the meeting, a copy of the proposed amendment, and the time and place said meeting is to be held.

MANAGEMENT AND SERVICE AGREEMENTS

Management Agreement

The Company is a party to a Management Agreement with Mountain Services Corporation. The agreement commenced on January 1, 1998. The agreement may be extended for additional twelve (12) month periods by mutual agreement of the parties. The extensions must be in writing.

The services provided by Mountain Services Corporation under the agreement are personnel, accounting, marketing, underwriting, claims, actuarial, investment, and administrative. As compensation to Mountain Services Corporation for the performance of these services, the Company shall pay an amount equal to one percent (1%) of the Company's net written premiums during the term of the agreement. Payments are to be made quarterly. The total amount to be paid by the Company shall in no event exceed eighty percent (80%) of the Company's earnings. Earnings is defined as an amount equal to the total revenues received by the Company from all sources during the term of the agreement, less all expenses reasonably incurred by the Company in connection with the operation of its business. Adjustments will be made quarterly in order to comply with the eighty percent (80%) cap on compensation.

IT and Data Processing Agreement

The Company is a party to an IT and Data Processing Services Agreement with Earl R. Whaley and Company ("ERW"). Pursuant to the Agreement, ERW will perform basic data processing services, maintain computers and other equipment needed to provide those services, furnish all necessary forms to provide services, and keep the equipment in working order.

The Company will perform the data entry. The Company will also maintain the data files which it uses and any other source documents that it uses for the data entry. In consideration for the services performed by ERW, the Company will pay a set fee per month to ERW, not including any outside special programming and hardware charges when requested by the Company.

The Agreement was approved by the TDCI on October 27, 2008, with an effective date of October 1, 2008. The Agreement will be automatically renewed every year on October 1, unless either party chooses to terminate the Agreement with six (6) months prior written notice.

Accounting Services Agreement

The Company is party to an Internal Accounting Services Agreement with ERW. Under the agreement, ERW will perform accounting, training and support services, which include providing general accounting instruction, review and approval of the Company's monthly financial reports, and, along with Company staff, preparation of the Company's annual and quarterly financial statements for filing with state insurance departments.

The Agreement was approved by the TDCI on July 12, 2011, with an effective date of July 1, 2011. The Agreement will be automatically renewed every year on July 1, unless either party chooses to terminate the Agreement with six (6) months prior written notice.

FIDELITY BOND AND OTHER INSURANCE

As of December 31, 2013, the Company maintained a crime policy with a limit which is in excess of the amount suggested by guidelines published in the NAIC *Financial Condition Examiners Handbook.* The policy is issued by a Company that is licensed in Tennessee.

RETIREMENT PLAN AND OTHER EMPLOYEE BENEFITS

Medical benefits for employees of the Company are provided under a group contract with a company licensed to do business in Tennessee. The policy benefits are standard group benefits made available through a preferred provider network. The individual maximum lifetime benefit is $5,000,000.

A short-term disability plan is provided for full time employees, who have completed one (1) year of service, for absences of five (5) or more consecutive working days when the employee is hospitalized or under the care of a physician. Benefits are provided for up to ninety (90) consecutive calendar days while the employee is totally disabled. After ninety (90) days the long-term disability plan and procedures apply.

Long-term disability benefits are provided for all full time employees who have completed one (1) month of active employment. The basic benefit provides a base monthly payment of sixty percent (60%) of the first $5,000 up to age sixty-five (65) for those employees becoming eligible for benefits prior to age sixty-two (62). A survivor benefit is also provided.

Life insurance is provided for all full-time employees equal to one hundred fifty percent (150%) of their basic annual salary rounded to the next higher $1,000 to a maximum of $200,000. Dependent spouse coverage is provided in the amount of $5,000. Coverage for children is provided in the amount of $100 to the age of six (6) months and $5,000 from six (6) months to age nineteen (19) or twenty-three (23), if a full-time student.

The company pays for the employee life, health, long-term disability and short-term disability coverage. The Company pays fifty percent (50%) of the cost of dependent life and health insurance. Voluntary dental and vision coverage plans are made available to the Company's employees. The employees pay the premium for the coverage.

The Company provides a SIMPLE savings plan whereby the Company matches the first three percent (3%) of an employee's deferred income amounts up to $12,000.

At least eight and one-half (8½) holidays are provided by the Company. All full-time employees as of January 1, each year are eligible for ten (10) days paid vacation after the probationary period. Employees, who are full-time as of January 1, are allowed up to five (5) personal leave days per year after the ninety (90) day probationary period.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2013, the Company was licensed in Alabama, Arizona, Arkansas, Georgia, Indiana, Kentucky, Louisiana, Mississippi, Missouri, Tennessee, and Texas. However, the Company only wrote business in the states of Alabama, Arkansas, Georgia, Missouri, and Tennessee. The Company has no current plans to expand into other jurisdictions.

Business in Force by State

The following chart shows the in force direct business in each state:

Jurisdiction	Ordinary Life Insurance in Force	Credit Life Insurance in Force	Total in Force
Alabama	$12,495,000	$36,389,000	$48,884,000
Arkansas	17,458,000	5,468,000	22,926,000
Georgia	2,778,000	19,190,000	21,968,000
Missouri	6,741,000	13,331,000	20,072,000
Tennessee	31,432,000	113,077,000	144,509,000
Total	**$70,904,000**	**$187,455,000**	**$258,359,000**

Shown below are the figures for direct premiums by state in which the Company operated for the year ending December 31, 2013, as reported in Schedule T of the Company's Annual Statement:

State	Life Premiums	Accident and Health Premiums
Alabama	$716,659	$49,962
Arkansas	210,646	10,167
Georgia	180,730	81,838
Missouri	220,180	44,105
Tennessee	1,659,474	864,751
	$2,987,689	$1,050,823

Plan of Operation

The Company currently markets credit life, credit accident and health ("credit A&H"), ordinary life, and group accidental death and dismemberment coverage as its lines of business. The concentration of business is on the credit life and credit accident and health policies, which are marketed primarily through banks and auto dealers. A small amount of business is marketed through finance companies which are owned by banks that do business with the Company.

GROWTH OF COMPANY

The following exhibit depicts certain aspects of the growth and financial history of the Company since the previous examination, according to annual statements filed with the TDCI:

	Total Life Insurance in Force	Net Premium Income	Admitted Assets	Total Surplus
2013	$260,450,000	$2,457,117	$12,011,911	$3,948,625
2012	$295,928,000	$4,273,768	$11,993,735	$4,107,813
2011	$335,506,000	$4,519,641	$13,084,795	$4,481,831
2010	$382,076,000	$2,496,908	$14,995,125	$5,623,496
2009	$446,542,000	$1,733,523	$8,634,850	$1,986,712
2008	$518,202,000	$1,885,579	$9,389,743	$2,011,502

LOSS EXPERIENCE

The table below shows the mortality and loss experience as of December 31, for each year under examination:

Life:	2013	2012	2011	2010	2009
Ordinary Life					
Net Death Benefits	$154,113	$338,376	$372,746	$277,771	$307,643
Less-Reserves Released by Death	15,411	33,838	37,275	27,777	31,034
Actual Death Benefits Incurred	138,702	304,538	335,471	249,994	276,609
Divided by Expected Mortality	249,296	264,120	269,082	324,990	361,331
Mortality Experience Ratio	55.64%	115.30%	124.67%	76.92%	76.55%
Credit Life					
Net Death Benefits	$632,997	$595,468	$632,390	$328,063	$470,269
Less-Reserves Released by Death	18,990	17,864	18,972	9,842	0
Actual Death Benefits Incurred	614,007	577,604	613,418	318,221	470,269
Divided by Expected Mortality	791,134	732,479	921,084	491,328	0
Mortality Experience Ratio	77.61%	78.86%	66.60%	64.77%	0%

A&H:	2013	2012	2011	2010	2009
Group A&H					
Net Incurred Claims	($3,333)	$20,000	$5,000	$27,500	$26,000
Net Premiums Earned	55,822	58,971	64,871	70,863	75,596
Loss Experience Ratio	(5.97)%	33.91%	7.71%	38.81%	34.39%

Credit A&H	2013	2012	2011	2010	2009
Net Incurred Claims	($164,524)	$153,846	$507,705	$0	$0
Net Premiums Earned	836,824	998,013	996,557	0	0
Loss Experience Ratio	(19.66)%	15.42%	50.85%	0%	0%

REINSURANCE

Assumed Reinsurance

The Company assumes a small block of credit life and credit accident and health ("A&H") insurance from Southern Financial Life Insurance Company (KY), under a modified coinsurance ("ModCo") agreement effective December 1, 2001, although no business was actually assumed by the Company until the fourth quarter of 2003. The agreement provides for one hundred percent (100%) coinsurance up to a maximum of $40,000 per insured life. While the Company is licensed in Kentucky, this agreement essentially allows it to write Kentucky business as a domestic insurer for premium tax purposes. A portion of this business is then ceded to Southern Financial Life Insurance Company (LA), in accordance with the ModCo cession agreements described therein.

The Company assumed a block of credit life and credit A&H from Adams Life Insurance Company, effective April 30, 2009. The assumption represented all of the in-force business of Adams Life Insurance Company, which then ceased to operate. The business has been in runoff since its acquisition.

Ceded Reinsurance - Credit Life and Credit Accident and Health

The Company's primary reinsurance program has historically been structured as a two (2) level approach with respect to its credit life and credit A&H business.

For credit life, the first $10,000 - $25,000 of coverage was ceded to one (1) of four (4) limited capital reinsurance companies ("limited caps"), depending on the state in which the policy originated and the location of the financial institution or automobile dealership through which the policy was written. Fifty percent (50%) of any amount above the first level, generally $12,500 - $55,000, was ceded to Southern Financial Life Insurance Company ("SFLIC")[1], a Louisiana-domiciled company, under an automatic ModCo reinsurance agreement effected October 1, 2006. The Company's per risk maximum was $125,000, and thus its maximum retention under this structure was $55,000, which was the fifty percent (50%) not ceded to SFLIC above the amount ceded to a limited cap.

The first layer of coverage on a portion of the Company's credit life business was retained by the Company, rather than being ceded. For these credit life policies, the Company retained the first $10,000 - $25,000 of coverage, depending on the state in which the policy was written, and then ceded sixty percent (60%) of the remaining

[1] This company is not the same entity as the Kentucky-domiciled company from which the Company assumes business, although the names are the same.

premium, up to a maximum of $66,000, to SFLIC. The Company's per risk maximum was $125,000, with a maximum total retention of $65,000.

Effective January 1, 2011, three (3) of the limited caps were merged with and into the Company. Due to the strengthened capital position of the Company following the merger, the ModCo credit life reinsurance agreement with SFLIC was then cancelled effective March 31, 2012. The credit life business ceded under the agreement was placed in runoff.

The Company's reinsurance for credit A&H was structured similarly. The first $300 of monthly coverage was ceded to one (1) of the limited caps, and fifty percent (50%) of any amount above the first level, generally $225 - $850 per month, was ceded to SFLIC. The Company's per risk maximum was $2,000, with a maximum retention of $850 per month.

The credit A&H premiums above the amounts reinsured by the limited caps were ceded to SFLIC under a quota share reinsurance agreement, which was effective December 1, 1987. Thus, the Company retained no premiums or liabilities for credit A&H. SFLIC was not authorized in Tennessee, and, therefore, entered into a security fund agreement with the Company to provide collateral to secure payment of any amounts due the Company.

The first layer of coverage on a portion of the Company's credit A&H business was retained by the Company rather than being ceded. On these policies, the Company retained the first $200 - $500 of monthly coverage, and then ceded sixty percent (60%) of the remaining premium to Southern Financial Life Insurance Company (LA). The Company's per risk maximum was $2,000 per month with a maximum total retention of $ 1,100 per month.

Effective January 1, 2011, three (3) of the limited caps were merged with and into the Company. Also effective January 1, 2011, the credit A&H quota share reinsurance agreement with SFLIC was cancelled, and the business was recaptured by the Company. Effective November 1, 2013, the credit A&H quota share agreement with SFLIC was reinstated.

The reinsurance treaty, originally effective April 10, 1981, with the fourth limited cap, First Community Life Insurance Company, was terminated effective December 31, 2011. The business reinsured under this treaty is in runoff.

Ceded Reinsurance - Other Life and Accidental Death

The Company also writes ordinary life and term life insurance with various riders such as for waiver of premium and accidental death benefits. Effective January 1, 2008, the Company began reinsuring all of its individually underwritten term life products through Optimum Re Insurance Company ("Optimum Re"). This is on an automatic and facultative basis. Under this agreement, the Company retains up to $25,000 of coverage and the reinsurer automatically accepts the excess up to the lesser of nine (9) times the Company's retention or $225,000 per insured life. Previously, only automatic business with last names beginning with M-Z was placed with Optimum Re, while last names beginning with A-L was reinsured by Scottish Re (U.S.), Inc. The agreement with Scottish Re (U.S.), Inc. was terminated on December 31, 2007. The business reinsured under that agreement is in runoff.

The Company reinsures one hundred percent (100%) of its single premium accidental death product with Optimum Re under a bulk reinsurance agreement.

Unearned Ceding Commission

The type of business ceded by the Company - mainly credit life and credit A&H - is written on a Single Premium basis and all premiums and commissions are fully earned over the term of coverage. All return premiums - those which are cancelled by policyholders prior to the end of the policy period - are settled by offset each month. Most agreements provide that ceding commissions are paid only on net premiums; that is, the written premiums less the returns. All of the Company's reinsurance agreements cede premiums on a written basis. However, all of the agreements provide that, in the event of termination, the reinsurance continues to apply to all policies in force until their expiry or cancellation in the normal course of business. That is, there is no return of premium or ceding commission at the termination of an agreement because the policies continue in full force. Also, the Company's agency agreement provides that all commissions on terminated policies are recoverable from the agents and may be offset against any amounts owed to the agents by the Company. Therefore, the Company is deemed to have no ultimate liability for unearned ceding commissions.

Other Considerations

All of the Company's reinsurance agreements were reviewed and found to contain acceptable clauses for insolvency and arbitration in accordance with Tenn. Comp. R. & Regs., 0780-1-63-.12. The agreements also appear to effectuate proper transfer of risk in accordance with NAIC Statement of Statutory Accounting Principles ("SSAP) No. 61 and NAIC guidelines.

MARKET CONDUCT ACTIVITIES

A market conduct review was made of the Company as of December 31, 2013, in conjunction with this examination. The following items were addressed:

Operations and Management

In the operations and management portion of the examination, Company compliance with antifraud initiatives and privacy of consumer information was examined.

Antifraud Plan: The Company's antifraud plan was examined to ensure that the plan was updated and included proper guidance for employees. Company operations were also examined for proper implementation of antifraud measures. As a result of examination, no issues or concerns were identified.

Privacy of Consumer Information: The Company's policies and procedures for the privacy of consumer information were examined to ensure the Company had developed and implemented written policies, standards, and procedures for the management of confidential and personal insurance information. As a result of examination, no issues or concerns were identified.

Complaint Handling Practices

In the examination of complaint handling, Company complaint handling procedures and complaints received by the Company were examined to ensure complaint records maintained by the Company were in accordance with applicable statutes, rules and regulations and the time-frame within which the Company responded to complaints was reasonable. As a result of examination, the following issue was identified:

The Company's complaint register was found to lack detail as required by Tenn. Code Ann. § 56-8-104(11). The complaint register did not show the classification by line of insurance, the nature of each complaint, the disposition of each complaint, and the time it took to process each complaint.

Marketing and Sales

In the examination of marketing and sales, all advertising and sales materials used by the Company were examined for compliance with statutory and rule requirements. As a result of examination, the following issue was identified:

Tenn. Comp. R. & Regs. 0780-01-24 (*Replacement of Life Insurance Policies*) lists as both duties of agents and insurers the requirement for a statement, signed by applicant and agent, as to whether or not replacement of existing life insurance is involved in the transaction. The Company's term life insurance manual, which is provided to all agents, also lists the above as a requirement. In the examination of forty-eight (48) term policy applications, twenty-three (23) occurrences were noted where the agent signed the application, but failed to check the box indicating to best of their knowledge whether or not the policy is a replacement for an existing policy. The Company does post in the file a follow-up form, where they call the agent to verify whether or not the policy is a replacement; but this is only if both insured and agent fail to indicate whether the policy is a replacement. Although replacement is not normally an issue when coverage is issued and assigned to secure policyholder debt, completion of the replacement statement is a requirement for individual term life insurance.

Producer Licensing

State statutes require the Company sell their products and services through producers who are properly licensed and appointed by the Company. In the examination of producer licensing, a random sample of producers were selected and their state issued licensure and appointment by the Company was verified. As a result of examination, no issues or concerns were identified.

Underwriting and Rating

In the examination of underwriting and rating, Company operations were examined for compliance with their own underwriting guidelines, filed rates and forms, and applicable statutes and rules. In conducting the examination, random samples were selected from open, closed, and declined underwriting files. As a result of examination, no issues or concerns were identified.

Claims Handling Practices

In the examination of claims handling practices, Company efficiency of handling, accuracy of payment, adherence to contract provisions, and compliance with applicable statutes and rules were examined. In conducting the examination, random samples were selected from claims approved and resisted by the Company. In the processing of claims, the Company was found to have an average processing time of four and two tenths (4.2) days for group credit life, eight and three quarters (8.75) days for term life, and ten and thirty-three hundredths (10.33) days for resisted claims. As a result of examination, no issues or concerns were identified.

ACCOUNTS AND RECORDS

During the course of the examination, tests and audit procedures were performed as necessary. All of the Company's investment securities were confirmed with the custodian of such securities, as of the date of this examination. General ledger trial balances were reconciled with copies of annual statements. Accounting records conform to generally accepted insurance accounting practices and appear to properly reflect the operations and status of the Company during the period under examination. The Company's Risk Based Capital Report was reviewed. The Company was in compliance with Tenn. Code Ann. § 56-46-101, *et seq.* (Risk Based Capital for Insurers).

Books and records of the Company are kept at the home office location:

517 Airway Drive
Alcoa, Tennessee 37701

STATUTORY DEPOSITS

In compliance with statutory requirements, the Company maintained the following deposits as of December 31, 2013:

Where Deposited and Description	Par Value	Statement Value	Market Value
Special Deposits:			
Georgia:			
Wells Fargo, Money Market	$ 75,040	$ 75,040	$ 75,040
Missouri:			
USTN, 0.025%, due 5/31/14	300,000	300,165	300,174
Total Special Deposits	$375,040	$375,205	$375,214
General Deposits:			
Tennessee:			
FHLB, 1.20%, due11/20/17	$600,000	$601,800	$596,820
FFCB, 1.15%, due 10/06/14	100,000	101,850	100,763
FHLB, 0.875%, due 3/10/17	100,000	100,200	99,839
FHLB, 0.50%, due 11/20/15	350,000	351,120	350,606
Total General Deposits	$1,150,000	$1,154,970	$1,148,028
Grand Total Statutory Deposits	$1,525,040	$1,530,175	$1,523,242

The statutory deposits were confirmed directly with the states holding such deposits.

COMMITMENTS AND CONTINGENCIES

As of December 31, 2013, the Company has committed no reserves to cover any contingent liability. Various lawsuits against the Company have arisen in the normal course of business relating to insurance claims settlements. Contingent liabilities arising from litigation are not considered material in relation to the financial position of the Company.

SUBSEQUENT EVENTS

In order to comply with all of the provisions currently required by Tenn. Comp. R. & Regs. 0780-1-46-.02, the Company executed an amendment to its custodial agreement with First Farmers and Merchants Bank on April 30, 2015. The original custodial agreement was in compliance with the requirements of Tenn. Comp. R. & Reg. 0780-1-46-.02 that were in effect when it was executed.

FINANCIAL STATEMENTS

There follows a statement of assets, liabilities and statement of income as of December 31, 2013, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2013 Annual Statement:

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$5,756,353	$ 0	$5,756,353
Real estate: property occupied by company	565,783		565,783
Cash and short-term investments	4,340,374		4,340,374
Other invested assets (Schedule BA)	1,286,779	1,286,779	
Investment income due and accrued	5,846		5,846
Uncollected premiums and agents' balances	253,624		253,624
Deferred premiums, agents' balances and installments booked but deferred	83,353		83,353
Amounts recoverable from reinsurers	80,442		80,442
Other amounts receivable under reinsurance contracts	742,519		742,519
Net deferred tax asset	6,359		6,359
Guaranty funds receivable	177,287		177,287
Receivables from parent, subsidiaries and affiliates	5,199	5,199	0
Aggregate write-ins for other than invested assets	62,959	62,888	71
Totals	$13,366,777	$1,354,866	$12,011,911

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	$3,906,407
Contract claims: Life	202,370
Premiums received in advance	531,166
Other amounts payable on reinsurance	10,846
Commissions to agents due or accrued	142,964
General expenses due or accrued	70,713
Taxes, licenses and fees due or accrued	124,853
Current federal and foreign income taxes	12,999
Amounts withheld by company as agent or trustee	296
Remittances and items not allocated	4,010
Payable for securities	57,500
Aggregate write-ins for liabilities (Reinsurance premiums due)	1,840,259
Total Liabilities	$6,904,383
Common capital stock	$1,158,903
Gross paid in and contributed surplus	2,418,554
Unassigned funds (surplus)	1,530,071
Total Capital and Surplus	5,107,528
Total Liabilities, Capital and Surplus	$12,011,911

SUMMARY OF OPERATIONS

Premiums and annuity considerations	$2,457,117
Net investment income	70,484
Commissions & expense allowances on reinsurance ceded	760,048
Aggregate write-ins for miscellaneous income	39,152
Totals	3,326,801
Death benefits	787,110
Disability benefits and benefits under accident and health contracts	167,283
Surrender benefits and withdrawals for life contracts	2,000
Interest and adjustments on contract or deposit-type contract funds	23,517
Increase in aggregate reserves for life and accident and health contracts	(1,182,481)
Totals	(202,571)
Commissions on premiums, annuity considerations and deposit-type funds	1,618,410
Commissions and expense allowances on reinsurance assumed	5,666
General insurance expenses	1,261,799
Insurance taxes, licenses and fees	194,496
Increase in loading on deferred and uncollected premiums	(797)
Totals	2,877,003
Net gain from operations before federal income taxes	449,798
Federal income taxes incurred	79,504
Net Income	**$370,294**

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus, December 31, prior year		$5,266,716
Net income	370,294	
Change in non-admitted assets	(136,012)	
Dividends to stockholders	(393,470)	
Net change in capital and surplus		(159,188)
Capital and surplus, December 31, current year		$5,107,528

RECONCILIATION OF CAPITAL AND SURPLUS

	2013	2012	2011*	2010	2009
Capital and surplus, December 31, prior year	$5,266,716	$5,835,234	$6,976,899	$3,337,115	$3,361,905
Net Income	370,294	(204,760)	(354,847)	6,941	32,648
Change in non-admitted assets	(136,012)	516,628	(11,818)	7,821	(6,600)
Capital changes: Paid in		(194,500)			
Surplus adjustment: Paid in		(404,339)			
Dividends to stockholders	(393,470)	(281,547)	(775,000)	(25,419)	(50,838)
Net change in capital and surplus	(159,188)	(568,518)	(1,141,665)	(10,657)	(24,790)
Capital and surplus, December 31, current year	$5,107,528	$5,266,716	$5,835,234	$3,326,458	$3,337,115

***2011 beginning surplus was restated to include the effects of the merger of the three (3) limited capital credit reinsurers with and into the Company.**

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Differences in various items were noted during the course of examination; however, none were considered to produce a material effect on surplus funds, either singly or in the aggregate.

COMMENTS AND RECOMMENDATIONS

Comments

1. Mountain Life Insurance Company executed an amendment to its custodial agreement with First Farmers and Merchant Bank on April 30, 2015, in order to comply with all of the provisions currently required by Tenn. Comp. R. & Regs. 0780-1-46-.02. The original custodial agreement was in compliance with the requirements of Tenn. Comp. R. & Regs. 0780-1-46-.02 that were in effect when it was executed.

Recommendations

1. The Company has a complaint register as required by Tenn. Code Ann. § 56-8-104(11); however, the register did not include sufficient detail of each complaint. It is recommended that the Company comply fully with Tenn. Code Ann. § 56-8-104(11) by upgrading its complaint register to classify complaints by line of insurance, and to show the nature, disposition, and time it took to process each complaint.

2. Tenn. Comp. R. & Regs. 0780-01-24 (*Replacement of Life Insurance Policies)* lists as duties of both agents and insurers the requirement for a statement, signed by applicant and agent, as to whether or not replacement of existing life insurance is involved in the transaction. The Company's term life insurance manual, which is provided to all agents, also lists the above as a requirement. It is recommended that the Company require the signed statement regarding replacement of existing life insurance be completed prior to policy issuance.

CONCLUSION

The customary insurance examination practices and procedures, as promulgated by the NAIC, have been utilized in connection with the verification and valuation of assets and the determination of liabilities of Mountain Life Insurance Company of Alcoa, Tennessee.

In such manner, it was determined that, as of December 31, 2013, the Company had admitted assets of $12,011,911, and liabilities, exclusive of unassigned funds, of $6,904,383. Thus, there existed for the additional protection of the policyholders, the amount of $5,107,528 in the form of common capital stock, gross paid-in and contributed surplus, and unassigned funds (surplus).

The courteous cooperation of the officers and employees of the Company extended during the course of the examination is hereby acknowledged.

In addition to the undersigned, Bryant Cummings, CFE, Brian Sewell, CFE, and Rebecca Walker, Insurance Examiners for the State of Tennessee, participated in the work of this examination. An actuarial review was performed by Michael A. Mayberry, FSA, MAAA, of the actuarial firm Lewis & Ellis, Inc., of Richardson, Texas. A review of the Company's information systems was performed by Carol Riley, AES, CISA, CGEIT, CRISC, of Noble Consulting Services of Indianapolis, Indiana.

Respectfully submitted,

Rhonda Bowling-Black

Rhonda Bowling-Black, CFE
Insurance Examiner
State of Tennessee

AFFIDAVIT

The undersigned deposes and says that she has duly executed the attached examination report of Mountain Life Insurance Company dated May 8, 2015, and made as of December 31, 2013, on behalf of the Department of Commerce and Insurance, State of Tennessee. Deponent further says she is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of her knowledge, information and belief.

Rhonda Bowling-Black

Rhonda Bowling-Black
Insurance Examiner
State of Tennessee

State Tennessee

County Davidson

Subscribed to and sworn before me

this 23nd day of June, 2015

Helen W. Dorsey
(NOTARY)

My Commission Expires: 11/06/2017

HELEN W DORSEY
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

EXHIBIT B

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243

June 23, 2015

CERTIFIED MAIL
7012 1010 0003 2379 5476

Mr. David E. Line
President and Treasurer
Mountain Life Insurance Company
P.O. Box 240
Alcoa, TN 37701

RE: **Report of Examination of Mountain Life Insurance Company**

Dear Mr. Line:

Enclosed please find a FINAL copy of the Report of Examination for Mountain Life Insurance Company, made as of December 31, 2013. If you are in agreement with the report, please respond immediately, in writing, to that effect. A sample response letter is attached for your convenience. Your response may be submitted via email to my attention at joy.little@tn.gov.

If you wish to make a written submission or rebuttal with respect to any matter contained within the report, pursuant to Tenn. Code Ann. 56-1-411(d)(1), please provide this office with your company's position as soon as possible. When preparing your submission or rebuttal, please quote the Comment, Recommendation or page number from the report and detail your comments, providing any supporting documentation.

Should you have questions, you may reach me at (615) 741-6796. We appreciate your timely assistance with this matter and your courteous cooperation during the examination.

Sincerely,

E. Joy Little, CPA, CFE, MCM
Insurance Examinations Director/Chief Examiner
Enclosure

June 24, 2015

E. Joy Little
Director of Financial Examinations/Chief Examiner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, TN 37243

RE: Mountain Life Insurance Company – Report of Examination

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for Mountain Life Insurance Company. By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,

David E. Line

DAVID E. LINE, President
(Printed Name, Title)

MOUNTAIN
LIFE INSURANCE
COMPANY

517 Airway Drive, P.O. Box 240
Alcoa, Tennessee 37701-0240
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865/970-2885 Fax
1-800-888-6542