

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of Reinsurance Company of Missouri as of December 31, 2008

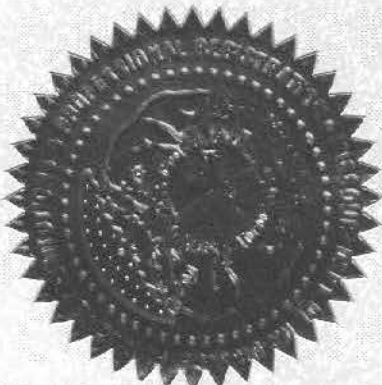
ORDER

After full consideration and review of the report of the financial examination of Reinsurance Company of Missouri for the period ended December 31, 2008, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, the findings and conclusions of the examination report are incorporated by reference and deemed to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo.

Based on such findings and conclusions, I hereby ORDER, to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with, each item mentioned in the General Comments and/or Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 27th day of April, 2010.

John M. Huff, Director
Department of Insurance, Financial Institutions
and Professional Registration



REPORT OF
FINANCIAL EXAMINATION

**Reinsurance Company of
Missouri, Incorporated**

As of:
DECEMBER 31, 2008

FILED
MAY 07 2010
DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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March 11, 2010

Honorable Alfred W. Gross, Commissioner
Bureau of Insurance
Virginia State Corporate Commission
Chairman, Financial Condition (E) Committee, NAIC

Honorable Mary Jo Hudson, Director
Department of Insurance
State of Ohio
Secretary, Midwestern Zone, NAIC

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101

Dear Lady and Gentlemen:

In accordance with your financial examination warrant, a comprehensive financial examination has been made of the records, affairs and financial condition of

Reinsurance Company of Missouri, Incorporated

hereinafter referred to as such or as "RCM" or as the "Company." The Company's statutory home office is located at 1370 Timberlake Manor Parkway, Chesterfield, Missouri 63017-6039, telephone number (636) 736-7000. This examination began on July 21, 2009 and concluded on March 11, 2010.

SCOPE OF EXAMINATION

Period Covered

The last full scope association financial examination of Reinsurance Company of Missouri, Inc. was made as of December 31, 2005, by examiners from the state of Missouri representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC) with no other zones participating.

The current full scope financial examination covers the period from January 1, 2006, through December 31, 2008, and was conducted by examiners from the state of Missouri representing the Midwestern Zone of the NAIC with no other zones participating. This examination also included material transactions or events occurring subsequent to December 31, 2008.

Procedures

This examination was conducted using guidelines set forth in the Financial Condition Examiners Handbook ("Handbook") of the NAIC, except where practices, procedures, and applicable regulations of the Department of Insurance, Financial Institutions and Professional Registration ("DIFP") or statutes of the state of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition 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 systems controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles, and Annual Statement Instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The following key activities were identified: Affiliated Companies, Treasury, Investments, Premiums and Underwriting, Claims, Life Reserves, Taxes, Debt and Surplus, and Reinsurance.

The examiners relied upon information and workpapers provided by the Company's independent auditor, Deloitte and Touche, LLP, of St. Louis, Missouri, for its audit covering the period from January 1, 2008, through December 31, 2008. Such reliance included fraud risk analysis, internal control narratives, and tests of internal controls.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings.

SUBSEQUENT EVENTS

The Company's surplus increased substantially in 2009, largely due to the \$313 million increase in the value of its subsidiary RGA Re. As shown in the table below, in 2009, the Company's surplus recovered and surpassed the level it held prior to the market downturn of 2008.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Total Adjusted Capital</u>	<u>\$ 1,427,198,494</u>	<u>\$ 1,110,466,412</u>	<u>\$ 1,218,235,709</u>

In 2009, the Company made surplus contributions to subsidiaries: \$58 million to RGA Re and \$20 million to Parkway Reinsurance Company.

COMPANY HISTORY

General

The Company was incorporated on October 30, 1998, as Reinsurance Company of Missouri, Incorporated. On December 28, 1998, the organization of the Company and its acquisition of RGA Reinsurance Company (RGA Re) were approved by the Missouri

Department of Insurance, Financial Institutions and Professional Registration. The Company was issued a Certificate of Authority on April 20, 2000, to operate as a stock life insurance company under the provisions of Chapter 376 RSMo, (Life, Health and Accident Insurance) and is currently licensed to write the following lines of business: life, annuities and endowments, accident and health insurance, and variable contracts.

The Company was formed for federal income tax reasons and primarily functions as an intermediate holding company for RGA Reinsurance Company (RGA Re) allowing RGA Re to receive more favorable tax treatment. As such the Company holds a license only in Missouri and has no need to obtain certificates of authority in other jurisdictions. The Company writes no direct premium, but assumes some ordinary life business primarily from RGA Re.

Capital Stock and Paid-In Surplus

The Articles of Incorporation authorize the Company to issue one hundred thousand shares of capital stock having a par value of \$60 per share. There were ten thousand shares of common stock issued and outstanding at December 31, 2008, for a balance of \$600,000 in the Company's capital stock account. All outstanding shares are owned by Reinsurance Group of America, Inc. (RGA, Inc.)

Gross paid in and contributed surplus totaled \$1,012,750,000 at December 31, 2008. The following table shows the increases to the gross paid in and contributed capital account during each year of the examination period.

Prior to 2006	\$	865,000,000
2006		24,000,000
2007		56,750,000
2008		<u>67,000,000</u>
TOTAL	\$	<u>1,012,750,000</u>

Dividends

During the examination period the Company made one dividend payment. In 2008, the Company paid out a \$2,670,000 dividend to its parent, Reinsurance Group of America, Inc. The dividend represented a pass through of a stock dividend from RGA Re, which represented RGA Re's ownership of RGA Financial Group, L.L.P., an intermediary-manager specializing in financial reinsurance.

Acquisitions, Mergers and Major Corporate Events

In September 2008, a series of transactions was completed, which in effect, replaced the Company's ultimate controlling entity, MetLife, Inc., with RGA, Inc.

Surplus Debentures

The Company had one surplus debenture issued and outstanding at December 31, 2008, to Reinsurance Group of America, Incorporated. The principal amount outstanding was as follows:

<u>Issue Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
December 15, 2000	\$100,000,000	8.31%	December 15, 2030

Additionally, \$346,250 of interest was accrued and reported with the surplus note for a total of \$100,346,250, as special surplus funds per Missouri 20 CSR 200-1.070(5)(C) (Subordinated Indebtedness). This regulation states "All outstanding subordinated indebtedness and interest accruing shall be reported at face value in the Annual Statement on page 3 and in other financial statements of the company as a special surplus account."

CORPORATE RECORDS

A review was performed of the Company's Articles of Incorporation and Bylaws. There were no amendments to either during the examination period.

The minutes of the shareholder, board of directors, and relevant RGA, Inc., committee meetings were reviewed and appear to properly support and approve the corporate transactions and events for the period under examination.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a board of directors, which per the Articles of Incorporation and Bylaws, will consist of not less than nine or more than twenty-five members. The Company had ten Directors serving at December 31, 2008, as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
David B. Atkinson Chesterfield, MO	Executive Vice President RGA Reinsurance Company
Mark D. Buehrer Chesterfield, MO	Senior Vice President, Valuation and Financial Analysis RGA Reinsurance Company
David C. Fischer Chesterfield, MO	Senior Vice President and Chief Investment Officer RGA Reinsurance Company
Todd C. Larson Chesterfield, MO	Senior Vice President, Controller, and Treasurer Reinsurance Group of America, Inc.
John P. Laughlin Chesterfield, MO	Executive Vice President, Financial Markets RGA Reinsurance Company
Jack B. Lay Chesterfield, MO	Senior Executive Vice President and Chief Financial Officer Reinsurance Group of America, Inc.
Robert M. Musen	Executive Vice President

Chesterfield, MO	RGA Reinsurance Company
Paul A. Schuster Chesterfield, MO	Senior Executive Vice President, U.S. Division Reinsurance Group of America, Inc.
Albert G. Woodring Chesterfield, MO	President and Chief Executive Officer Reinsurance Group of America, Inc.
Melville J. Young Chesterfield, MO	Executive Vice President, U. S. Operations RGA Reinsurance Company

Officers

The officers of the Company serving and reported on the Jurat page of the Annual Statement at December 31, 2008 were as follows:

<u>Name</u>	<u>Position</u>
Paul A. Schuster	Chairman, President, and Chief Executive Officer
Todd C. Larson	Senior Vice President, Controller, and Treasurer
Stephanie J. Koch	Vice President, Valuation & Financial Analysis
Jack B. Lay	Senior Executive Vice President, Chief Financial Officer
David B. Atkinson	Vice Chairman and Executive Vice President
James E. Sherman	Executive Vice President, General Counsel, and Secretary
Mark D. Buehrer	Senior Vice President, Valuation & Financial Analysis
David C. Fischer	Senior Vice President and Chief Investment Officer
Dana C. Wiele	Senior Vice President and Associate General Counsel
Kent P. Zimmerman	Senior Vice President, Tax

Committees

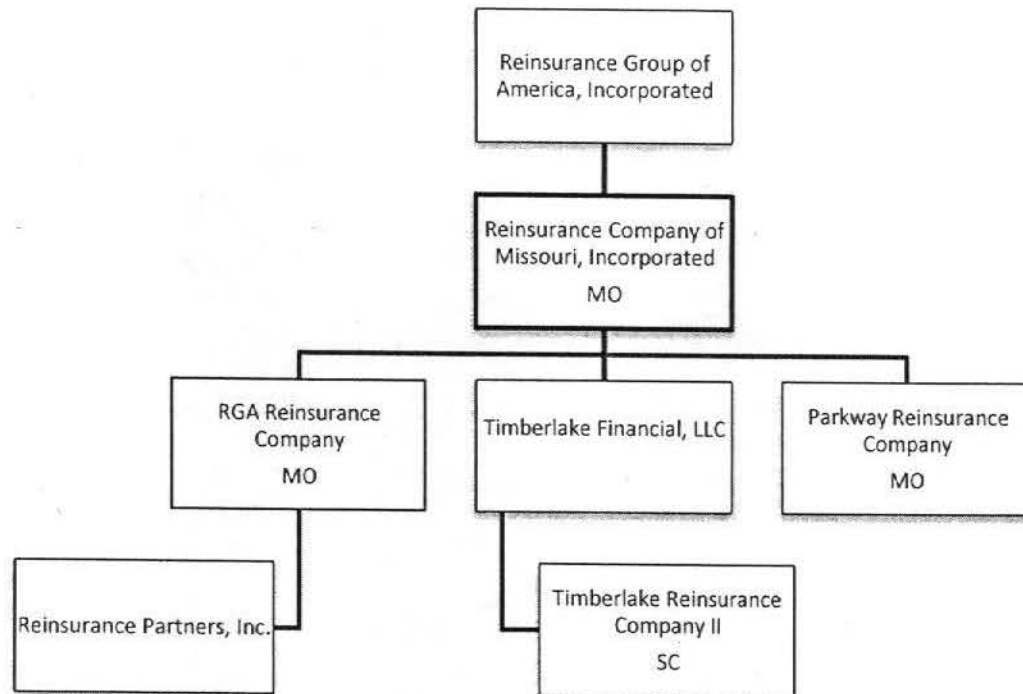
The Company had no active committees as of December 31, 2008. Generally RCM has not had board committees. RGA, Inc. has an Audit Committee, Investment Committee, Corporate Governance Committee, and a Compensation Committee, all of which have provided management oversight to RCM.

Holding Company, Subsidiaries and Affiliates

The Company is part of an Insurance Holding Company System as defined by Section 382.010 RSMo (Definitions). The Company is a wholly owned subsidiary of Reinsurance Group of America, Incorporated, a Missouri holding company formed in December 1992. Reinsurance Group of America, Incorporated is the ultimate parent of the holding company system.

Organization Chart

The following organizational chart depicts an abbreviated portion of the holding company system at December 31, 2008, including the Company. All subsidiaries shown are wholly owned. Only entities that have direct and indirect ownership of the Company are listed.



Affiliated Transactions

The Company has entered into various agreements with affiliates. The agreements are discussed below:

1. Administrative Services Agreement between RGA Re and Reinsurance Company of Missouri, effective July 6, 1999, approved July 13, 1999.

RGA Re provides administrative services for RCM including data processing and record keeping. There were no fees associated with this agreement during 2008 or 2007.

2. Tax Allocation Agreement between Reinsurance Group of America, Inc., RGA Re, RCM, and various other members of the holding company group, effective January 1, 1998, approved December 14, 1999.

RGA, Inc. files a consolidated federal income tax return on behalf of all participants. Federal income tax liability is computed on a separate return basis and provides that the members shall receive reimbursement to the extent their losses and other credits result in a reduction of the consolidated tax income. Payments are made to participants for losses or credits used on the consolidated tax return. Payments incurred during 2008 and 2007 were \$56.5 million and \$67.6 million, respectively.

FIDELITY BOND AND OTHER INSURANCE

The majority of the Company's insurance coverage is administered by RGA, Inc., which purchases insurance coverage for itself and its subsidiaries. The Company is included on a financial institutions bond with a single loss limit of \$15,000,000 and an aggregate limit of \$15,000,000. This coverage complies with the suggested minimum amount of fidelity insurance prescribed by the NAIC.

The Company carries statutory worker's compensation coverage and \$1,000,000 of employer's liability coverage. The Company is also covered by other insurance policies, including but not limited to: commercial general and automobile liability, directors and officers liability, property insurance, and crime coverage. The Company appears to be adequately protected by its insurance coverages.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company has no employees. RGA Reinsurance Company provides all the Company's administrative services pursuant to the administrative services agreement noted in the affiliated transactions section above. RGA Re offers its employees a range of benefits including medical coverage, dental and vision care, employee and dependent life insurance, accidental death and dismemberment protection, long-term disability protection, worker's compensation, and a flexible benefits plan under Section 125 of the Internal Revenue Code (Cafeteria Plan). The flexible benefits plan provides for payment of certain health care costs and dependent care costs with pretax dollars.

RGA Reinsurance Company employees are also provided with a noncontributory defined benefit pension plan in which the employee is 100% vested after completing five years of employment, and a defined contribution profit sharing savings plan with the matching contribution features of a 401(k) plan. In addition, life insurance and medical and dental coverage are available to retirees.

RGA Reinsurance Company also offers the standard benefits of vacation and sick leave, holidays, maternity leave, military leave, jury duty, bereavement, and other benefits such as tuition reimbursement, educational seminars, and recruiting bonuses.

Adequate provision was made in the RGA Re financial statements for the obligations under the benefit plans described above.

TERRITORY AND PLAN OF OPERATION

The Company is licensed only in Missouri. The Company is licensed under Chapter 376 RSMo (Life, Health and Accident Insurance) to write life, accident and health insurance, and annuities.

RCM initially reinsured a block of business from its subsidiary, RGA Reinsurance Company, to qualify itself as a life insurance company for income tax purposes. The Company has since entered into a small number of ordinary life insurance agreements with RGA Reinsurance Company and with non-affiliated insurance companies.

GROWTH OF COMPANY

RCM primarily functions as an intermediate holding company for RGA Reinsurance Company and as such its growth is primarily dependent on the growth of RGA Reinsurance Company. Other factors such as capital contributions to the Company from its parent, from the Company to RGA Re, dividend payments, and the Company's own direct business are also reflected in the Company's change in surplus.

RGA Re typically enters into numerous assumption and retrocession agreements each year making written premium an unreliable indicator of financial performance. RGA Re's financial performance is tracked by monitoring its unassigned funds and its change in surplus as a result of reinsurance.

RGA Re's unassigned funds grew from \$186.3 million as of the previous examination to \$241 million at December 31, 2008. Unassigned funds reached a level of \$379.3 million at December 31, 2007, before falling in 2008, largely due to \$102.6 million in realized investment losses.

RCM's unassigned funds at December 31, 2007 reached a level of \$137.4 million, before falling in 2008 to \$(5.8) million, primarily due to a \$138.4 million unrealized capital loss in RGA Re.

Over the full examination period, January 1, 2006 through December 1, 2008, RCM's surplus increased by \$100.5 million.

LOSS EXPERIENCE

The following exhibit reflects the annual underwriting results of the Company over the last five years (in 000's).

<u>Year</u>	<u>Total Revenues</u>	<u>Total Benefits & Expenses</u>	<u>Net Income</u>
2008	\$40,775	\$41,749	\$(2,276)
2007	39,675	35,549	5,167
2006	(186)	(104,183)	68,484
2005	61,516	201,021	(90,070)
2004	12,965	7,028	6,768

REINSURANCE

General

The Company has no direct business and no ceded business. Assumed premiums for the current examination period are as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Reinsurance Assumed	\$ 43,202,892	\$ 35,307,509	\$ (6,732,562)

The negative premiums in 2006 resulted from the novation of business assumed from RGA Reinsurance Company to its newly formed subsidiary, Timberlake Reinsurance Company II.

Assumed

Most of the Company's business is assumed from two cedents. The largest block comes from its affiliate, RGA Reinsurance Company. This block is a 14% quota share treaty which is comprised of Yearly Renewable Term business issued in 2004 and 2005. There is an experience refund based on the excess of premiums over claims. Another sizable block of business is assumed from Guardian Life Insurance Company. This block is a 25% quota share treaty which is comprised of level term insurance. The Company also has agreements in place with Commonwealth Annuity and Life Insurance Company and John Hancock Life Insurance Company.

Ceded

The Company does not cede any business.

ACCOUNTS AND RECORDS

General

The Company's financial statements are prepared using PeopleSoft general ledger system software. The majority of the administration of the Company's reinsurance agreements (including the related premiums, claim payments, etc.) is performed on the General American Reinsurance (GARE) System.

Independent Auditor

The Company's financial statements are audited annually by the accounting firm Deloitte & Touche LLP. The workpapers and reports of the most recent independent audit were reviewed for this examination. These workpapers and reports were used in the course of this examination as deemed appropriate.

Independent Actuaries

Reserves and related actuarial accounts reported in the financial statements of RCM were reviewed and certified for the Company by Stephanie Koch, Vice President, Valuation and Financial Analysis.

Pursuant to a contract with the DIFP, Leon Langlitz, FCAS, MAAA, of Lewis & Ellis, Inc., reviewed the adequacy of the Company's reserves. The Lewis & Ellis, Inc.,

Statement of Actuarial Opinion concluded that all actuarial reserves and related items were fairly stated.

Information Systems

In conjunction with this examination, Andrew Balas, AES, Information Systems Financial Examiner with the DIFP, conducted a review of the Company's information systems. His evaluation did not identify any significant weaknesses.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri Department of Insurance, Financial Institutions and Professional Registration as of December 31, 2008, are reflected below. These deposits had sufficient par and market values to meet the deposit requirement for the state of Missouri per Section 376.290 RSMo (Deposit and transfer of securities), and Section 375.460 RSMo (Director to keep deposits--rights of companies):

<u>Type of Security</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Statement Value</u>
US Treasury Note	\$ 700,000	\$ 711,813	\$ 711,813

Deposits with Other States

The Company is only licensed in the state of Missouri and therefore has no deposits with other states.

Other Special Deposits

In addition to the funds on deposit with the state of Missouri, RCM has another special deposit which is not for the benefit of all policyholders. The deposit represents funds held by RCM to back a specific reinsurance contract. The statement and market value of these securities at December 31, 2008, was \$13,366,193 and \$12,302,247 respectively.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2008, and the results of operations for the year then ended. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statements," which follow the financial statements.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statements." These differences were determined to be immaterial in relation to the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual annual statement item.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 61,385,074	\$ -	\$ 61,385,074
Preferred stocks	2,999,580	-	2,999,580
Common stocks	1,103,752,539	-	1,103,752,539
Cash, cash equivalents and short-term investments	4,225,114	-	4,225,114
Investment income due and accrued	721,056	-	721,056
Uncollected premiums	976,949	-	976,949
Net deferred tax asset	2,086,624	2,086,624	-
Other amounts due on reinsurance assumed	489,508	-	489,508
Disallowed IMR	2,763,808	2,763,808	-
Total Assets	\$ 1,179,400,252	\$ 4,850,432	\$ 1,174,549,820

LIABILITIES, SURPLUS AND OTHER FUNDS

	Current Year
Aggregate reserve for life contracts	\$ 64,017,896
Life contract claims	1,745,397
General expenses due or accrued	10,848
Federal income taxes	739,824
Remittances and items not allocated	106,870
Payable to affiliates	29,811
Total liabilities	\$ 66,650,646
Common capital stock	\$ 600,000
Surplus notes	100,346,250
Gross paid in and contributed surplus	1,012,750,000
Unassigned funds (surplus)	(5,797,076)
Total Capital and Surplus	\$ 1,107,899,174
Total Liabilities, Capital and Surplus	\$ 1,174,549,820

SUMMARY OF OPERATIONS

	Current Year
Premiums earned	\$ 43,202,892
Net investment income	(1,876,556)
Amortization of IMR	(551,017)
Total	\$ 40,775,319
Death benefits	\$ 40,107,498
Interest and adjustments on contract or deposit type contracts	33,420
Increase in reserves for life and accident and health contracts	1,444,175
Total	\$ 41,585,093
General insurance expenses	162,051
Taxes, licenses and fees	1,661
Total	\$ 41,748,805
Net gain from operations before dividends and FIT	\$ (973,486)
Dividends to policyholders	-
Net gain from operations after dividends and before taxes	\$ (973,486)
Federal and Foreign Income Tax	(367,854)
Net gain from operations after dividends and taxes and before capital gains	\$ (605,632)
Net capital gains	(1,670,411)
Net income	\$ (2,276,043)

CAPITAL AND SURPLUS

	Current Year
Surplus as regards policyholders; December 31 prior year	\$ 1,184,135,201
Net income	\$ (2,276,043)
Change in net unrealized capital gains	(138,515,700)
Change in net deferred income tax	(26,901)
Change in nonadmitted assets	27,974
Change in AVR	224,643
Surplus adjustments paid in	67,000,000
Dividends to stockholders	(2,670,000)
Change in surplus as regards policyholders for the year	\$ (76,236,027)
Capital and Surplus as regards policyholders; December 31 current year	\$ 1,107,899,174

COMMENTS ON FINANCIAL STATEMENTS

There are no comments on the Company's financial statements.

GENERAL COMMENTS OR RECOMMENDATIONS

There are no general comments or recommendations.

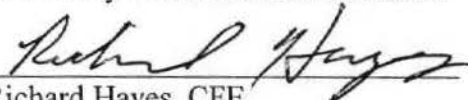
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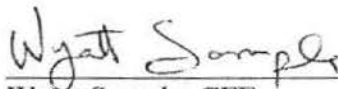
The assistance and cooperation extended by the officers and employees of Reinsurance Company of Missouri, Inc. during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned; John Boczkiewicz, CFE, CPA; Art Palmer, CFE; Amy Snyder, AFE; Vasco Stoyhoff; and Andy Balas, CFE, CPA; examiners for the Missouri Department of Insurance, Financial Institutions and Professional Registration; participated in this examination.

VERIFICATION

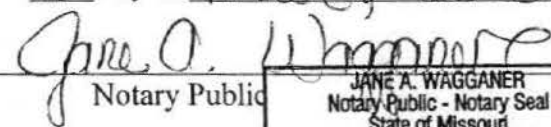
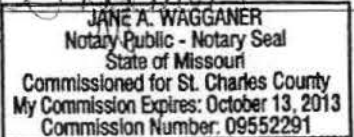
State of Missouri)
) ss
County of St. Louis)

I, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.


Richard Hayes, CFE
Examiner-in-Charge
Missouri Department of Insurance,
Financial Institutions and
Professional Registration


Wyatt Sample, CFE
Examiner-in-Charge
Missouri Department of Insurance,
Financial Institutions and
Professional Registration

Sworn to and subscribed before me this 11th day of MARCH, 2010
My commission expires: OCTOBER 13, 2013


Notary Public 

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.


Michael Shadowens, CFE
Audit Manager, St. Louis
Missouri Department of Insurance, Financial
Institutions and Professional Registration