



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

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

RE: Examination Report of Ozark National Life Insurance Company for the period ended
December 31, 2013

ORDER

After full consideration and review of the report of the financial examination of Ozark National Life Insurance Company for the period ended December 31, 2013, 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 examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, subsequent events, company history, corporate records, management and control, fidelity bond and other insurance, pension, stock ownership and insurance plans, territory and plan of operations, growth of the company and loss experience, reinsurance, accounts and records, statutory deposits, financial statements, financial statement changes resulting from examination, and comments on financial statement items.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of Ozark National Life Insurance Company as of December 31, 2013 be and is hereby ADOPTED as filed and for Ozark National Life Insurance Company 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, if any, mentioned in the Comments on Financial Statement Items and/or Summary of 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 14th day of June, 2015.



A handwritten signature in blue ink, appearing to read "John M. Huff", is written over a horizontal line.

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

**REPORT OF THE
FINANCIAL EXAMINATION OF
Ozark National Life Insurance Company**

**AS OF
DECEMBER 31, 2013**

FILED
JUN 25 2015
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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Kansas City, Missouri
April 20, 2015

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65102-0690

Director Huff:

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

Ozark National Life Insurance Company

hereinafter referred to as such, as Ozark National, or as the Company. Its administrative office is located at 500 East Ninth Street, Kansas City, Missouri 64106, telephone number (816) 842-6300. This examination began on November 3, 2014 and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The previous examination was completed as of December 31, 2008. This examination covers the period of January 1, 2009 through December 31, 2013. This examination also included the material transactions or events occurring subsequent to December 31, 2013.

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners' (NAIC) Financial Condition Examiners Handbook (Handbook), except where practices, procedures, and applicable regulations of the Missouri Department of Insurance, Financial Institutions and Professional Registrations (DIFP) and 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 corporate governance, identifying and assessing inherent risks, and evaluating the Company's 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.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Key activities for Ozark National included: Investments, Premiums, Underwriting, Claims Handling, Reserves, Reinsurance, and Related Parties.

Reliance Upon Others

The examiners relied upon information and workpapers provided by the Company's independent auditor, BKD, LLP, of Kansas City, Missouri, for its audit covering the period from January 1, 2013 through December 31, 2013. Such reliance included, but was not limited to, fraud risk analysis, internal control narratives, test of internal controls, and substantive testing for the following key activities: Investments, Premiums, and Claims Handling.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues or material changes to the financial statements noted during the examination.

SUBSEQUENT EVENTS

There were no significant subsequent events noted from December 31, 2013 through the date of this report.

COMPANY HISTORY**General**

Ozark National Life Insurance Company was incorporated on April 22, 1964 and was issued a Certificate of Authority on June 24, 1964 as a life insurance company under the insurance laws of Chapter 376 RSMo (Life, Health and Accident Insurance). The Company was purchased from the I.C.H. Group in 1982 by CNS Corporation (formerly known as N.I.S. Corporation) in a leveraged buy-out. CNS Corporation (CNS Corp) is the sole shareholder of the Company.

Dividends

The dividends paid by the Company during the examination period were as follows:

Years	Amount
2009	\$ 12,001,120
2010	12,895,105
2011	13,193,100
2012	16,879,250
2013	13,193,100
Total	\$ 68,161,675

All dividends were paid to CNS Corporation, the Company's sole shareholder.

Capital Contributions

The Company did not receive or make any capital contributions during the period under examination.

Mergers and Acquisitions

The Company was not involved in any mergers or acquisitions during the examination period.

CORPORATE RECORDS

The Company's Articles of Incorporation and Bylaws were reviewed. The Articles were amended in 2012 to update the location of the Company's registered office. No other changes were made to either the Articles of Incorporation or the Bylaws during the examination period.

The minutes of the Board of Directors' meetings, committee meetings, and shareholder meetings were reviewed for proper approval of corporate transactions. In general, the minutes appeared to properly reflect and approve the Company's major transactions and events for the period under examination.

MANAGEMENT AND CONTROL

Board of Directors

The Articles of Incorporation and Bylaws require a minimum of nine directors to be elected to the Board of Directors. The Directors elected and serving as of December 31, 2013 were as follows:

<u>Name and Address</u>	<u>Business Affiliation</u>
Charles N. Sharpe Bethel, Missouri	President & Chairman of the Board, Ozark National
Carol S. Boone Lee's Summit, Missouri	President & Director, N.I.S. Financial Services, Inc.
James T. Emerson Shawnee, Kansas	Executive Vice President & Treasurer, Ozark National
David R. Melton Smithville, Missouri	Vice President & Legal Counsel, Ozark National
Linda J. Gensler ¹ Blue Springs, Missouri	Senior Underwriter, Ozark National

¹ Linda J. Gensler was replaced by Jonathan B. Burkholder as director on April 14, 2014.

Rhonda A. Morgan
Kansas City, Missouri

Executive Secretary, Ozark National

Bonita A. Johnson
Independence, Missouri

POS Supervisor, Ozark National

Amy J. Kilgore
Excelsior Springs, Missouri

Department Manager, New Business, Ozark National

Michelle Salyer
Independence, Missouri

Vice President, Ozark National

Officers

The officers of the Company elected and serving as of December 31, 2013 were as follows:

<u>Name</u>	<u>Office</u>
Charles N. Sharpe	President and Chairman of the Board
James T. Emerson	Executive Vice President and Treasurer
David R. Melton	Vice President and Secretary

Committees

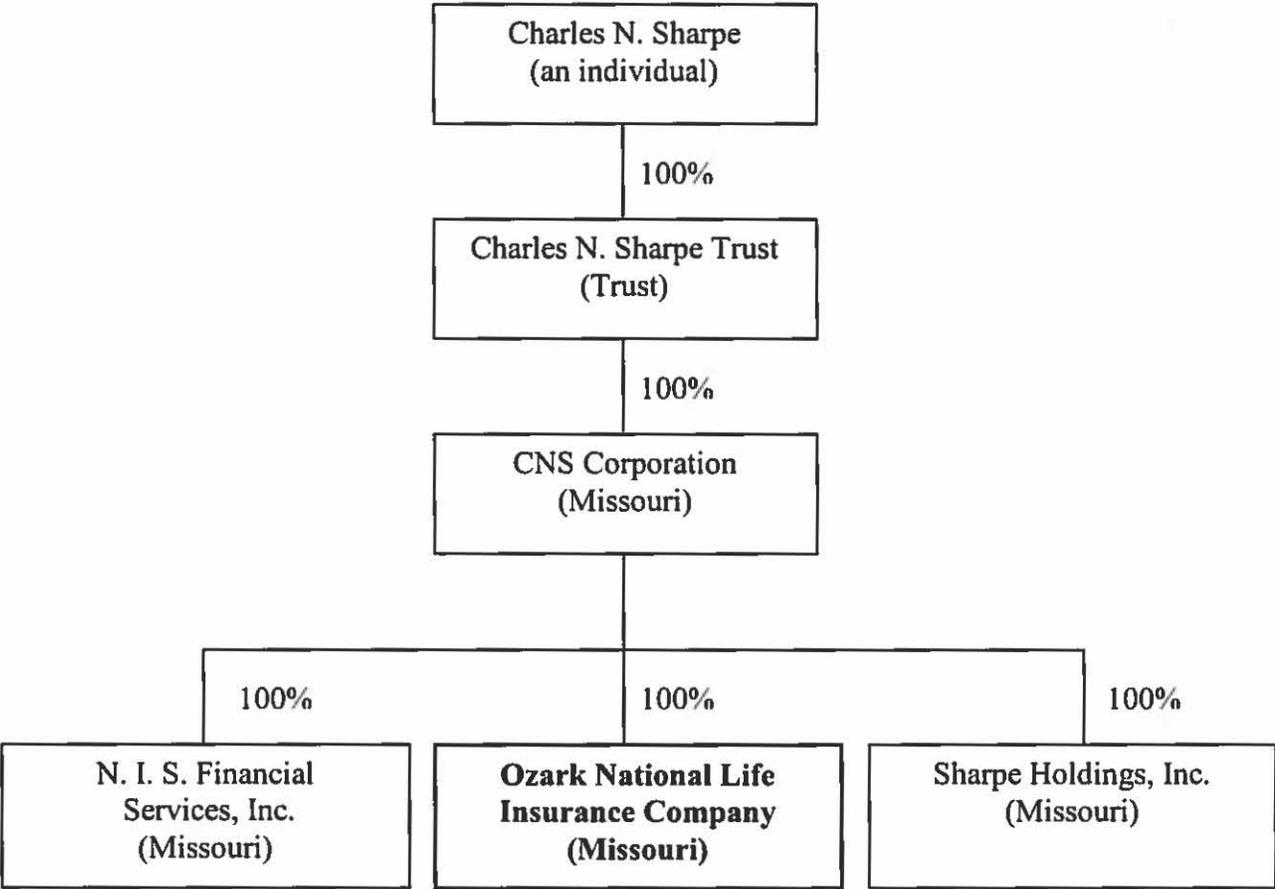
The Company's Bylaws authorize an Executive Committee, an Investment Committee, and an Audit Committee, each with a minimum of three members. Each of these committees have been established with the following three individuals serving as members of the individual committees: Charles N. Sharpe, David R. Melton and James T. Emerson.

Holding Company, Subsidiaries and Affiliates

Ozark National Life Insurance Company is a wholly owned subsidiary of CNS Corporation, which is wholly owned by the Charles N. Sharpe Trust (Trust). The Trust is controlled by Charles N. Sharpe, an individual, who is the ultimate controlling person within the holding company system as defined by Section 382.010 RSMo (Definitions).

Organizational Chart

The following organizational chart depicts the holding company system of Ozark National Life Insurance Company as of December 31, 2013:



Intercompany Transactions

The Company has several agreements with its parent, CNS Corporation and other related parties. The terms of the agreements are outlined below.

- 1. Type:** Agency Agreement

Parties: Ozark National and CNS Corporation

Effective: January 1, 1986. The last of three amendments was on December 17, 2009.

Terms: CNS Corporation recruits, trains and supervises the agency force that produces the insurance business of the Company. CNS Corp receives a 15% first year overwrite commission and additional commissions of between 3% and 6% for subsequent years depending on policy type. Ozark National also reimburses CNS Corp for agent earned and paid commissions, as well as actual expenses arising out of programs designed and undertaken by CNS Corp to enhance the production of the agency force.
- 2. Type:** Data Processing Services Agreement

Parties: Ozark National and CNS Corporation

Effective: January 13, 1997

Terms: Ozark National provides all data processing services, including the use of its mainframe, personal computer network, computer programming, software licenses obtained from third parties (to which CNS Corporation has been identified as an additional licensee), and the maintenance and development of the data processing system for CNS Corporation. CNS Corporation agrees to pay Ozark National the sum of \$3,750 per month for these services.
- 3. Type:** Consolidated Tax Allocation Agreement

Parties: Ozark National, N.I.S. Financial Services, Inc. (N.I.S. Financial), CNS Corporation, and Sharpe Holdings, Inc.

Effective: Original agreement was effective December 1, 1991. A new agreement was entered into effective January 1, 2003.

Terms: Ozark National files a consolidated federal income tax return with its parent, CNS Corporation, and two affiliates, N.I.S. Financial and Sharpe Holdings, Inc. Pursuant to the agreement, Ozark National pays CNS Corporation the actual tax it would have owed on a separate federal income tax return basis.

- 4. Type:** Commercial and Industrial Lease Agreement
- Parties:** Ozark National and CNS Corporation
- Effective:** December 12, 1985. The last of six amendments was on December 1, 1989.
- Terms:** CNS Corporation leases 23,634 square feet of office space from Ozark National at a monthly rent of \$32,387.83 under a month-to-month lease agreement.
- 5. Type:** Inter-Company Billing Agreement
- Parties:** Ozark National, CNS Corporation, N.I.S. Financial
- Effective:** August 12, 2004, amended on May 10, 2005.
- Terms:** Ozark National will pay certain operating expenses of CNS Corporation and other affiliates to third party providers through its intercompany billing system. The costs of services provided under the agreement shall be equal to the third party costs and expenses incurred to Ozark National. If Ozark National incurs cost or expenses on behalf of CNS Corporation or its affiliates, Ozark National will allocate any such costs or expenses in good faith between the various businesses on behalf of which such costs were incurred. In no event shall Ozark National be obligated to pay affiliate expenses in excess of \$200,000 in any calendar month.

Intercompany Payments

The amounts paid to and (received from) CNS Corporation and the other affiliates pertaining to the above agreements for the years under examination were as follows:

	2013	2012	2011	2010	2009
Agency Agreement					
Paid to CNS Corporation	\$ 10,153,650	\$ 9,943,239	\$ 10,206,243	\$ 10,174,294	\$ 10,556,280
Data Processing Services Agreement					
Received from CNS Corporation	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)
Consolidated Tax Allocation Agreement					
Paid to CNS Corporation	2,257,479	2,408,278	2,830,537	3,402,786	1,973,675
Lease Agreement					
Received from CNS Corporation	(388,654)	(388,654)	(388,654)	(388,654)	(388,654)
Inter-Company Billing Agreement					
Received from CNS Corporation	(500,211)	(532,139)	(422,174)	(273,945)	(457,033)
Received from N.I.S. Financial	(263,238)	(219,545)	(220,628)	(209,541)	(201,725)
Net amount paid or (received)	<u>\$ 11,214,026</u>	<u>\$ 11,166,179</u>	<u>\$ 11,960,324</u>	<u>\$ 12,659,940</u>	<u>\$ 11,437,543</u>

FIDELITY BOND AND OTHER INSURANCE

Ozark National is a named insured on a financial institution bond purchased by its ultimate parent, CNS Corporation. The bond has an aggregate liability of \$1,500,000, with a single loss limitation of \$1,500,000 and a single loss deductible of \$25,000. The fidelity coverage provided by this policy is within the range of suggested minimum amounts of insurance according to the NAIC guidelines.

The Company is also a named insured on insurance policies purchased by CNS Corporation, including, but not limited to: Property, Commercial Automobile, Workers' Compensation, Commercial General Liability, Aviation, and Umbrella Excess Liability.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

Ozark National provides its employees with a range of benefits including, but not limited to, group medical insurance, dental insurance, group term life insurance (including accidental death and dismemberment), long-term disability, paid time off, and fully subsidized lunches.

The Company maintains two defined contribution plans. The first plan is for senior management, and was established through a January 1, 2009 amendment to the non-qualified, unfunded retirement plan effective January 1, 1991. The present value of accrued benefits for this plan was \$1,339,657 at December 31, 2013. The second plan, which covers substantially all other employees, was established on January 1, 2009 as the Ozark National Life Insurance Company Employees Savings Trust, a defined contribution plan (401k) sponsored by the Company. An eligible employee becomes vested in the Company contributions under a six-year graded vesting schedule.

TERRITORY AND PLAN OF OPERATION

Ozark National is licensed by the DIFP under Chapter 376 RSMo to write the business of life, annuities, endowments and accident and health insurance. The Company was also licensed in the following 29 states as of December 31, 2013:

Alabama	Georgia	Louisiana	Nevada	Tennessee
Arizona	Illinois	Michigan	New Mexico	Texas
Arkansas	Indiana	Minnesota	North Dakota	Utah
California	Iowa	Mississippi	Ohio	Wisconsin
Colorado	Kansas	Montana	Oklahoma	Wyoming
Florida	Kentucky	Nebraska	South Dakota	

Ozark National primarily sells ordinary life insurance. The Company's main product is a whole life insurance policy with a mutual fund investment product, brokered by an affiliate, N.I.S. Financial. N.I.S. Financial is a licensed securities broker/dealer that markets mutual funds to Ozark National's policyholders. The Company's captive agency force is supervised by the Company's parent, CNS Corporation.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The Company's capital and surplus increased steadily throughout the examination period, with a total increase of \$16.1 million from December 31, 2009. Net premiums written decreased 4.11% during the examination period. Loss experience has remained relatively level during the examination period, while the ratio of net written premiums to policyholder surplus has decreased.

The growth and loss experience of the Company is summarized in the following schedule:

Year	Net Premiums Written	Benefit and Loss Payments	Surplus as Regards to Policyholders	Ratio of	
				Premiums to Policyholders Surplus	Ratio of Benefits Paid to Net Written Premiums
2009	\$ 85,814,886	\$ 41,138,979	\$ 107,302,455	0.80	0.48
2010	84,279,412	41,193,118	114,880,122	0.73	0.49
2011	82,938,135	42,469,494	118,747,919	0.70	0.51
2012	81,953,576	41,610,728	122,060,282	0.67	0.51
2013	82,285,515	42,162,651	123,374,724	0.67	0.51

REINSURANCE

General

The Company's written premium activity on a direct, assumed, and ceded basis for the period under examination is detailed below:

	2013	2012	2011	2010	2009
Direct Premiums Written	\$85,387,442	\$ 85,066,422	\$ 86,038,530	\$ 87,549,118	\$ 88,914,350
Reinsurance Assumed	365,045	407,587	415,246	428,607	444,335
Reinsurance Ceded	(3,466,971)	(3,520,433)	(3,515,641)	(3,698,313)	(3,543,800)
Net Premiums Written	<u>\$ 82,285,516</u>	<u>\$ 81,953,576</u>	<u>\$ 82,938,135</u>	<u>\$ 84,279,412</u>	<u>\$ 85,814,885</u>

Assumed

The Company has two 100% coinsurance agreements with Madison Life Insurance Company and Washington National Insurance Company. Under these agreements, Ozark National assumes the direct business on three closed blocks of business, two of which are in turn retroceded to Conseco Life Insurance Company (Conseco) on a 50% reinsurance basis under a separate coinsurance agreement (as described in the Ceded section below). Ozark National also has a 100% modified coinsurance agreement with Conseco under which it assumes the direct business on two additional closed blocks of business.

Ceded

The Company reported total reserve credits taken on business ceded of \$36,031,386 on its 2013 Annual Statement. Approximately 97% of the total reserve credits taken were on business ceded to Consec Life Insurance Company. Most of this business was ceded under two automatic coinsurance agreements that have been in effect since the 1980s.

Under one of these coinsurance agreements, effective April 1, 1982, the Company ceded 17% of the risk on two closed blocks of business. Pursuant to the second reinsurance agreement, also effective April 1, 1982, the Company ceded 50% of the risk on five closed blocks of business including three of the blocks of business assumed under the assuming agreements discussed in the Assumed reinsurance section above.

As of December 31, 2013, the Company's new business was being ceded to Optimum Re Insurance Company (Optimum Re) under an automatic yearly renewable term reinsurance agreement effective for all new business written after April 1, 2005. Under this agreement, the Company's retention is \$200,000 on any one life, and Optimum Re's maximum limit is \$800,000 on any one life.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance contract.

ACCOUNTS AND RECORDS

Information Systems

The Company's significant business applications are accessed through various servers running either IBM i5/OS v7r1 or Microsoft Windows Server 2003. All servers are located in the Company's home office.

The Company uses the following significant business applications: Genelco Life Support Plus (LSP) for policy management, claims management, producer management, reinsurance management, and general ledger functions; Sungard iWorks (iWorks) and Sage Fixed Assets (Sage) for investment management; and AM Best Blue Book for the preparation and filing of statutory financial statements. LSP was purchased and customized by the Company; iWorks and Sage were purchased but not modified.

Auditor

The financial statements of Ozark National during the examination period of January 1, 2009 through December 31, 2013 were audited by the CPA firm of BKD, LLP, Kansas City, Missouri.

Actuary

The Statement of Actuarial Opinion was completed and certified for the years ending December 31, 2009 through 2013 by Gary L. Rose, FSA, MAAA, CLU, and Executive Vice President of the firm of Lewis & Ellis, Inc., Actuaries & Consultants.

STATUTORY DEPOSITS**Deposits with the State of Missouri**

The funds on deposit with the DIFP as of December 31, 2013 as reflected below, were sufficient to meet the capital deposit requirements for the State of Missouri in accordance with Section 376.290 RSMo (Deposit and transfer of securities). The funds on deposit as of December 31, 2013 were as follows:

<u>Type of Security</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Statement Value</u>
U.S. Treasury Notes	\$ 1,800,000	\$ 1,832,130	\$ 1,817,966

Deposits with Other States

The Company also has funds on deposit with other states in which it is licensed. The funds on deposit as of December 31, 2013, were as follows:

<u>State</u>	<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Statement Value</u>
Arkansas	U.S. Treasury Note	\$ 125,000	\$ 127,231	\$ 126,248
Colorado	FFCB	600,000	697,494	600,000
Florida	U.S. Treasury Note	300,000	305,355	302,994
Georgia	Quebec Province	26,000	31,347	26,000
New Mexico	U.S. Treasury Note	225,000	229,016	227,246
		<u>\$ 1,276,000</u>	<u>\$ 1,390,443</u>	<u>\$ 1,282,488</u>

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of Ozark National for the period ending December 31, 2013. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statements Items." The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items." These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual activity.

Assets

	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$648,135,159	\$ -	\$ 648,135,159
Real estate			
Properties occupied by the company	4,235,200	-	4,235,200
Properties held for production of income	4,195,872	-	4,195,872
Cash, cash equivalents and short-term investments	7,237,244	-	7,237,244
Contract loans	22,898,273	209	22,898,064
Investment income due and accrued	5,505,730	-	5,505,730
Premiums and considerations			
Uncollected premiums and agents' balances in the course of collection	742,398	8,262	734,136
Deferred premiums, agents' balances and installments booked but deferred and not yet due	28,595,887	-	28,595,887
Other amounts receivable under reinsurance contracts	214,249	-	214,249
Net deferred tax asset	18,891,604	11,706,925	7,184,679
Guaranty funds receivable or on deposit	1,463,698	-	1,463,698
Electronic data processing equipment and software	174,284	-	174,284
Furniture and equipment	260,709	260,709	-
Other assets nonadmitted	91,701	91,701	-
	<u>\$ 742,642,008</u>	<u>\$ 12,067,806</u>	<u>\$ 730,574,202</u>
Total Assets			

Liabilities, Surplus and Other Funds

Aggregate reserve for life contracts	\$ 582,525,243
Aggregate reserves for accident and health contracts	1,430,878
Liability for deposit-type contracts	6,522,311
Contract claims:	
Life	4,906,865
Accident and Health	248,213
Dividends apportioned for payment	156,322
Premiums and annuity considerations for life and accident and health contracts received in advance	1,798,358
Other amounts payable on reinsurance	67,008
Interest maintenance reserve	1,874,312
Commissions to agents due or accrued-life and annuity contracts	298,167
Commissions and expenses allowances payable on reinsurance assumed	953
General expenses due or accrued	864,430
Taxes, licenses and fees due or accrued excluding federal income taxes	1,506,466
Current federal and foreign income taxes	65,856
Unearned investment income	863,609
Amounts withheld or retained by company as agent or trustee	514,245
Amounts held for agents' account	115,796
Remittances and items not allocated	378,247
Liability for benefits for employees and agents	1,339,656
Asset valuation reserve	1,722,543
	<hr/>
Total liabilities	\$ 607,199,478
Common capital stock	8,025,000
Gross paid in and contributed surplus	2,920,113
Unassigned funds (surplus)	112,429,611
	<hr/>
Total Capital and Surplus	\$ 123,374,724
	<hr/>
Total Liabilities and Capital and Surplus	\$ 730,574,202
	<hr/>

Summary of Operations

Premium and annuity considerations	\$ 82,285,515	
Net investment income	21,080,406	
Amortization of interest maintenance reserve	367,515	
Commissions and expense allowances on reinsurance ceded	191,646	
Miscellaneous income	16,308	
		<hr/>
Total revenues		\$ 103,941,390
Death benefits	24,482,860	
Matured endowments	44,315	
Annuity benefits	58,497	
Disability benefits and benefits under accident and health plans	2,906,211	
Coupons, guaranteed annual pure endowments and similar benefits	8,399	
Surrender benefits and withdrawals for life contracts	14,404,779	
Interest and adjustments on contract or deposit-type contracts	215,730	
Payments on supplementary contracts with life contingencies	41,860	
Increase in aggregate reserves for life and accident and health contracts	16,649,758	
Commissions on premiums, annuity considerations and deposit-type funds	11,565,266	
Commissions and expense allowances on reinsurance assumed	7,609	
General insurance expenses	9,354,606	
Insurance taxes, licenses and fees, excluding federal income taxes	1,979,438	
Increase in loading on deferred and uncollected premiums	(2,949)	
Change in reserves transferred under modified coinsurance contracts	4,329	
		<hr/>
Total underwriting deductions		\$ 81,720,708
Net gain from operations before dividends to policyholders and Federal income taxes		\$ 22,220,682
Dividends to policyholders		153,335
Federal income taxes incurred		7,200,626
		<hr/>
Net Income		<u>\$ 14,866,721</u>

Capital and Surplus Account

Capital and Surplus, December 31, 2012		\$ 122,060,282
Net income	\$ 14,866,721	
Change in net deferred tax asset	(592,357)	
Change in nonadmitted assets	519,062	
Change in asset valuation reserve	(285,884)	
Dividends to stockholders	<u>(13,193,100)</u>	
Net change in capital and surplus for the year		<u>1,314,442</u>
Capital and surplus, December 31, 2013		<u><u>\$ 123,374,724</u></u>

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

SUMMARY OF RECOMENDATIONS

None.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Ozark National Life Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Sara McNeely, AFE, and Bernie Troop, CFE, examiners for the Missouri Department of Insurance, Financial Institutions and Professional Registration, also participated in this examination. Kimberly Dobbs, CFE, AES, Information Systems Financial Examiner for the Missouri Department of Insurance, Financial Institutions and Professional Registration, performed a review of the information system environment. Lori A. Newberg, FSA, MAAA of Miller & Newberg, Inc. also participated as a consulting actuary.

VERIFICATION

State of Missouri)
)
County of Jackson)

I, Jennifer R. Danz, CPA, CFE 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.

Jennifer R. Danz

Jennifer R. Danz, CPA, CFE
Examiner-In-Charge
Missouri Department of Insurance, Financial
Institutions and Professional Registration

TAMMY MORALES
My Commission Expires
January 7, 2018
Clay County
Commission #14451086

Sworn to and subscribed before me this 7th day of April, 2015.

My commission expires: 01/07/2018 *Tammy Morales*
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.

Mark A. Nance

Mark A. Nance, CPA, CFE
Audit Manager
Missouri Department of Insurance, Financial
Institutions and Professional Registration