

STATE OF INDIANA)
) SS:
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
United Home Life Insurance Company)
225 South East Street)
Indianapolis, Indiana 46202)

Examination of **United Home Life Insurance Company**

NOTICE OF ENTRY OF ORDER

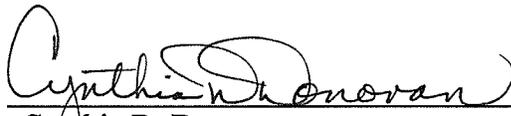
Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of **United Home Life Insurance Company**, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on October 7, 2011, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of **United Home Life Insurance Company** shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

11/2/2011

Date



Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7005 3110 0002 4443 8813

STATE OF INDIANA) BEFORE THE INDIANA
) SS:
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
United Home Life Insurance Company)
225 South East Street)
Indianapolis, Indiana 46202)

Examination of **United Home Life Insurance
Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the **United Home Life Insurance Company** (hereinafter "Company") for the time period January 1, 2006 through December 31, 2010.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on September 7, 2011.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on October 7, 2011 and was received by the Company on October 12, 2011.

The Company did not file any objections.

NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the **United Home Life Insurance Company** as of December 31, 2010.
2. That the Examiner's Recommendations are reasonable and necessary in order for the **United Home Life Insurance Company** to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed and Sealed this 2nd day of
November, 2011.


Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

UNITED HOME LIFE INSURANCE COMPANY

NAIC Co. CODE 69922

As of

December 31, 2010

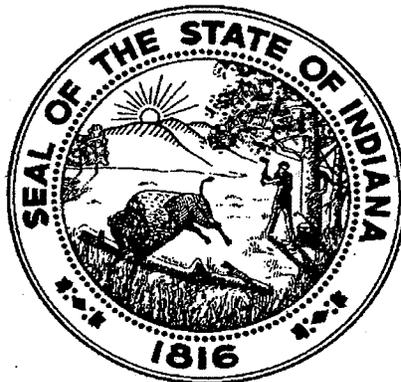


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STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

IDOI

INDIANA DEPARTMENT OF INSURANCE

311 W. WASHINGTON STREET, SUITE 300

INDIANAPOLIS, INDIANA 46204-2787

TELEPHONE: (317) 232-2385

FAX: (317) 232-5251

Stephen W. Robertson, Commissioner

September 7, 2011

Honorable Joseph Torti, III
Chair, NAIC Financial Condition (E) Committee, NAIC
Superintendent, State of Rhode Island
Department of Business Regulation
Division of Insurance
1511 Pontiac Avenue, Building 69-2
Cranston, Rhode Island 02920

Honorable Stephen W. Robertson, Commissioner
Indiana Department of Insurance
Secretary, Midwestern Zone
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Superintendent and Commissioner:

Pursuant to the authority vested in Appointment Number 3671, an examination has been made of the affairs and financial condition of:

**United Home Life Insurance Company
225 South East Street
Indianapolis, Indiana 46202**

hereinafter referred to as the "Company" or "UHLIC", an Indiana domestic life insurance company. The examination was conducted at the Company's corporate offices in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2010, is hereby respectfully submitted.

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
(317) 232-2413

COMPANY COMPLIANCE
(317) 233-0697

CONSUMER SERVICES
(317) 232-2395
In-State 1-800-622-4461

EXAMINATIONS / FINANCIAL SERVICES
(317) 232-2390

MEDICAL MALPRACTICE
(317) 232-2402

SECURITIES / COMPANY RECORDS
(317) 232-1991

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (IDOI) as of the period ending December 31, 2005. The present risk-focused examination covered the period from January 1, 2006 through December 31, 2010, and was conducted by Noble Consulting Services, Inc., on behalf of the State of Indiana. This examination was conducted in conjunction with the examinations of United Farm Family Life Insurance Company (UFFLIC), UFB Casualty Insurance Company, and United Farm Family Mutual Insurance Company (UFFMIC).

Jeffrey A. Beckley, FSA, MAAA, of Actuarial Options, LLC, was appointed by the IDOI to conduct a review of the Company's statutory reserves as of December 31, 2010. There were no actuarial adjustments resulting from the review performed by the actuaries.

We conducted our risk-focused examination pursuant to and in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). 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 system 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 workpapers prepared by Deloitte & Touche, LLP, the Company's independent auditors, in their audit of the Company's accounts for the year ended December 31, 2010, were reviewed. A portion of the auditor's workpapers has been incorporated into the examination workpapers and have been utilized for the purposes of this examination in accordance with the provisions contained in the Handbook.

HISTORY

UHLIC was incorporated under the laws of the State of Indiana on November 23, 1948. The Company commenced business on December 17, 1948. The Company was formed for the purpose of writing life and accident & health insurance. On June 30, 1965, National Security Life Insurance Company of Indianapolis, Indiana was merged into the Company. On December 31, 1971, the Company acquired Marion Underwriters, Inc. of Indianapolis, Indiana through an exchange of stock. Since November 14, 1997, the Company's stock has been controlled 75% by UFFLIC and 25% by UFFMIC.

The Company's ultimate controlling person is Indiana Farm Bureau, Inc. (IFBI), an Indiana not-for-profit agricultural membership cooperative. UHLIC's insurance affiliates, UFFLIC, UFB Casualty Insurance Company, and UFFMIC provide insurance to Farm Bureau members and other consumers in Indiana and are collectively known as Indiana Farm Bureau Insurance.

CAPITAL AND SURPLUS

As of December 31, 2010, the Company had 5,000,000 shares of common stock authorized with a par value of \$2.07 per share, of which 1,209,298 shares were issued and outstanding. The Company has no preferred stock. No shareholder dividends were paid during the exam period.

TERRITORY AND PLAN OF OPERATION

UHLIC is licensed to transact business in forty-four (44) states and the District of Columbia. Since the prior examination, the Company became licensed in North Carolina. The Company's policyholders are geographically dispersed. The largest concentrations of premium collections were distributed among several states: California, Texas, Georgia, Florida, Alabama, and Illinois. The Company has continued to grow through the development of new products and by geographic expansion. The Company primarily uses two (2) independent firms, Life Professionals Inc. and Associated Brokerage Corporation for policy production, but also utilizes independent individual agents. UHLIC writes various types of whole life and term coverage and has introduced new term products with optional return of premium and new express issue whole life products. The Company plans to continue the innovation of new products as well as increase their network.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company as reported during the examination period:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital & Surplus</u>	<u>Premiums Earned</u>	<u>Net Income (Loss)</u>
2010	\$ 63,596,745	\$ 46,959,066	\$ 16,637,679	\$ 13,760,996	\$ 338,869
2009	62,924,784	46,526,818	16,397,966	10,870,480	306,811
2008	60,014,166	43,981,585	16,032,581	11,856,973	(208,782)
2007	59,190,965	43,305,616	15,885,349	11,427,297	(476,476)
2006	48,849,582	38,884,560	9,965,022	10,494,820	(1,212,306)

The Company has experienced steady growth during the last several years of the examination period. Rapid growth in premium income and in-force insurance policies was experienced during 2007. This growth was a result of new product development, expansion into new states, and the aggressive recruitment of additional independent agents. A capital infusion of \$10 million was made during 2007, which provided relief from the surplus strain of new business.

Additionally in 2007, liabilities increased due to the correction of reserving errors amounting to \$1.6 million for the period of 2004-2006, which was charged directly to surplus. Renewal business also increased in the amount of \$400 million resulting in higher reserves.

Earned premiums dropped slightly in 2009, due primarily to reinsurance of the return of premium feature contained in many of the Company's term policies.

MANAGEMENT AND CONTROL

Directors

UHLIC is governed by a Board of Directors. Board members are elected by the Shareholder and serve one (1) year terms. The Company's Bylaws state that the Board of Directors shall consist of nine (9) members. The following is a listing of persons serving as directors as of December 31, 2010:

<u>Name and Address</u>	<u>Principal Occupation</u>
Joseph Jerry Canada Indianapolis, IN	Executive Vice President and CEO United Farm Family Life Insurance Company
Steven Alan Maple Kokomo, IN	Farmer Self-Employed
Donald Bruce Villwock Edwardspport, IN	President Indiana Farm Bureau, Inc.
Isabella Franziska Chism Galveston, IN	Farmer Self-Employed
Joseph Alan Martin Martinsville, IN	Chief Operating Officer, United Farm Family Life Insurance Company
Kerry James Goshert Mentone, IN	Farmer Self-Employed
Philip Herbert Springstun Boonville, IN	Farmer, Construction Self-Employed
Randall Charles William Kron Evansville, IN	Vice President Indiana Farm Bureau, Inc.
Scott Thomas Trennepohl Middletown, IN	Farmer Self-employed

Officers

The Company's Bylaws state that the principal officers of the Company shall consist of the President, Executive Vice President, Secretary, Treasurer, General Counsel, and may consist of one (1) or more Vice Presidents. The following is a list of key officers and their respective titles as of December 31, 2010:

<u>Name</u>	<u>Office</u>
Donald Bruce Villwock	President
Lynn Brundage Jongleux	Senior Vice President/General Counsel/Secretary
Mark Richard Miske	Senior Vice President/Chief Financial Officer/Treasurer
Joseph Jerry Canada	Executive Vice President/Chief Executive Officer
Joseph Alan Martin	Chief Operating Officer
*Paul Robert Retzlaff	Actuary

*This individual is listed on the Annual Statement Jurat page, however, is not an officer, but is in a policy-making/managerial role.

CONFLICT OF INTEREST

The Company requires officers and directors to review and sign Conflict of Interest statements on an annual basis. The officers and directors have reviewed and signed their statements as of December 31, 2010.

OATH OF OFFICE

Indiana Code 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the corporation and will not knowingly violate any of the laws applicable to such corporation. As of December 31, 2010, all directors have reviewed and signed Oaths of Office.

CORPORATE RECORDS

Articles of Incorporation and Bylaws

The Company amended its Articles of Incorporation as of February 10, 2006. The amendment changed the total number of shares into which the authorized capital stock of the Corporation shall be divided to 5,000,000 of the same and only class, each having a par value of \$2.07 per share. Any of such additional shares which are issued by the Corporation shall be purchased by the Shareholder for the purpose of increasing the Corporation's capital.

Minutes

The Board of Directors, Shareholder, and Audit Committee meeting minutes were reviewed for the period under examination through the fieldwork date and significant actions taken during each meeting were noted. The annual meetings and other regular Board meetings were held in accordance with the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

IFBI is the ultimate controlling person of UFFMIC and its subsidiary companies. IFBI owns all outstanding common shares of UFFLIC and shares a common Board of Directors with both companies. UFFLIC and UFFMIC own 75% and 25%, respectively, of the Company.

Affiliated Agreements

The following is a summary of the Company's affiliated agreements that were disclosed as part of the Form B – Holding Company Registration Statement and were filed and not disapproved with the IDOI as required by Indiana Code 27-1-23-4. The affiliated reinsurance agreement is discussed on page eight (8) of this report.

Service Agreement

The Company maintains a Service Agreement whereby IFBI agrees to sponsor the insurance programs, permit the use of its name, make available its membership lists, and conduct research to determine the insurance needs of its members. In return for the performance of these services, the Company reimburses IFBI for the estimated costs of performing such services and providing the required information. Costs are established annually. In 2010, the Company paid \$50,556 under the service agreement.

Management Agreement

The Company maintains a Management Agreement with UFFLIC whereby the Company receives use of certain facilities and services. In 2010, the Company paid \$2.9 million of the \$3.8 million in management fees under this agreement.

Inter-Company Services Agreement

Effective December 31, 2007, UFFLIC and certain of its affiliates and subsidiary companies entered into an Inter-Company Services Agreement in which UFFMIC agrees to perform services. UFFMIC is not entitled to compensation for these services except for reimbursement of its actual expense. In 2010, pursuant to the Inter-Company Services Agreement, UFFMIC incurred \$2.5 million in expenses on behalf of UHLIC for which UFFMIC was reimbursed.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Saint Paul Fire and Marine Insurance Company. The bond has blanket coverage of \$6.0 million with a deductible of \$50,000. The fidelity bond is adequate to meet the prescribed minimum coverage specified by NAIC.

The Company had additional types of coverage in-force as of December 31, 2010 including, but not limited to auto, property and liability, workers' compensation, umbrella liability, and directors and officers liability.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company has no employees, and therefore, there were no employee pension or insurance plans. All personnel necessary to conduct business operations of the Company are provided by its affiliate, UFFMIC, pursuant to the Inter-Company Services Agreement. UFFMIC provides benefits to employees, and then passes proportional expenses, at cost, on to its affiliates.

STATUTORY DEPOSITS

The Company reported the following statutory deposits comprised of Non-Guaranteed Obligations of Agencies and Authorities of the US Government as of December 31, 2010:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
Not for all policyholders:		
Georgia	\$ 102,478	\$ 105,501
New Mexico	109,912	111,607
North Carolina	607,478	598,224
South Carolina	241,925	279,983
Virginia	60,076	65,668
For all policyholders:		
Indiana	5,024,916	5,399,478
Total Deposits	<u>\$ 6,146,785</u>	<u>\$ 6,560,461</u>

REINSURANCE

Reinsurance Assumed

The Company assumes a small block of business from Farm Bureau Life Insurance Company of Missouri. This relationship has involved a 50% co-insurance of each policy since 2005. This relationship has not produced financially significant balances for UHLIC. Total assumed reserves as of December 31, 2010 were approximately \$200,000.

Reinsurance Ceded

UHLIC maintains several primary reinsurance arrangements. The largest block of in-force business ceded is with UFFLIC. The majority of this reinsurance involves co-insurance ranging from 60% to 85%, covering UHLIC-issued whole life and term life insurance products. As of December 31, 2010, this relationship accounted for ceded premiums of \$10.5 million and ceded reserve credits of \$19.9 million.

The Company has other reinsurance arrangements with various reinsurers covering products issued in periods prior to 2003. With limited exception, no new business is ceded to these reinsurers. As of December 31, 2010, the Company and most of the Company's reinsurers have an A.M. Best rating of "A" or better and the Company has no financially significant counterparty exposure with any reinsurer rated lower than A- by A.M. Best.

The Company also ceded accident and health disability income business in excess of UHLIC's retention. This business is regarded as financially insignificant and does not involve material amounts of premium or reserve credits as of December 31, 2010.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2009 and 2010, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2006, through December 31, 2010, were agreed to each year's independent audit report with no exceptions noted. The Company's accounting procedures, practices, and account records were satisfactory.

UNITED HOME LIFE INSURANCE COMPANY
FINANCIAL STATEMENTS

Assets

As of December 31, 2010

	<u>Per Annual Statement</u>	<u>Exam Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
Assets:				
Bonds	\$ 47,581,879	\$ -	\$ 47,581,879	\$ 48,577,108
Stocks				
Preferred stocks	117,500	-	117,500	117,500
Common stocks	1,801,964	-	1,801,964	1,523,339
Mortgage loans on real estate:				
First liens	5,651	-	5,651	67,809
Cash, cash equivalents and short-term investments	1,359,628	-	1,359,628	2,281,294
Contract loans	1,861,060	-	1,861,060	1,982,884
Subtotals, cash and invested assets	52,727,681	-	52,727,681	54,549,935
Investment income due and accrued	710,615	-	710,615	703,732
Premiums and considerations:				
Uncollected premiums and agents' balances in course of collection	162,193	-	162,193	142,171
Deferred premiums, agents' balances and installments booked but deferred and not yet due	6,333,033	-	6,333,033	5,297,523
Reinsurance:				
Amounts recoverable from reinsurers	556,148	-	556,148	379,401
Other amounts receivable under reinsurance contracts	1,588,999	-	1,588,999	524,864
Net deferred tax asset	1,365,464	-	1,365,464	1,158,424
Guaranty funds receivable or on deposit	6,058	-	6,058	7,603
Electronic data processing equipment and software	2,961	-	2,961	2,892
Receivables from parent, subsidiaries and affiliates	143,594	-	143,594	158,239
Total assets, excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	63,596,745	-	63,596,745	62,924,784
TOTALS	<u>\$ 63,596,745</u>	<u>\$ -</u>	<u>\$ 63,596,745</u>	<u>\$ 62,924,784</u>

UNITED HOME LIFE INSURANCE COMPANY
FINANCIAL STATEMENTS
Liabilities, Surplus and Other Funds

As of December 31, 2010

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Liabilities:				
Aggregate reserve for life contracts	\$ 39,795,602	\$ -	\$ 39,795,602	\$ 37,516,043
Aggregate reserve for accident and health contracts	171,325	-	171,325	226,867
Liability for deposit-type contracts	1,817,209	-	1,817,209	1,876,734
Contract Claims - Life	777,433	-	777,433	977,004
Contract Claims - Accident and health	4,973	-	4,973	6,697
Policyholders' dividends	708	-	708	621
Provision for policyholders' dividends and coupons payable in following calendar year:				
Dividends apportioned for payment	13,596	-	13,596	15,034
Coupons and similar benefits	1,078	-	1,078	1,008
Premiums and annuity considerations for life and accident and health contracts received in advance	19,635	-	19,635	18,385
Contract liabilities not included elsewhere:				
Other amounts payable on reinsurance	2,318,413	-	2,318,413	3,706,273
Interest Maintenance Reserve	348,418	-	348,418	203,939
Commissions to agents due or accrued - life and annuity contracts	10,931	-	10,931	83,586
General expenses due or accrued	1,700	-	1,700	128,732
Taxes, licenses and fees due or accrued	127,877	-	127,877	154,950
Current federal and foreign income taxes	7,157	-	7,157	82,530
Unearned investment income	70,457	-	70,457	75,041
Amounts withheld or retained by company as agent or trustee	16,232	-	16,232	24,486
Amounts held for agents' account	616,873	-	616,873	517,503
Remittances and items not allocated	168,878	-	168,878	123,452
Miscellaneous liabilities:				
Asset valuation reserve	404,957	-	404,957	367,757
Payable to parent, subsidiaries and affiliates	88,887	-	88,887	300,473
Payable for securities	176,726	-	176,726	119,704
Total Liabilities	46,959,066	-	46,959,066	46,526,818
Common capital stock	2,503,247	-	2,503,247	2,503,247
Gross paid in and contributed surplus	14,875,000	-	14,875,000	14,875,000
Aggregate write-ins for special surplus funds	406,933	-	406,933	366,998
Unassigned funds (surplus)	(1,147,501)	-	(1,147,501)	(1,347,279)
Capital and surplus	16,637,679	-	16,637,679	16,397,966
TOTALS	\$ 63,596,745	\$ -	\$ 63,596,745	\$ 62,924,784

UNITED HOME LIFE INSURANCE COMPANY
FINANCIAL STATEMENTS
Summary of Operations

As of December 31, 2010

	<u>Per Annual Statement</u>	<u>Exam Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
Premiums and annuity considerations for life and accident and health contracts	\$ 13,760,996	\$ -	\$ 13,760,996	\$ 10,870,480
Considerations for supplementary contracts with life contingencies	-	-	-	9,372
Net investment income	2,852,672	-	2,852,672	2,991,711
Amortization of Interest Maintenance Reserve	85,995	-	85,995	45,243
Commissions and expense allowances on reinsurance ceded	6,662,484	-	6,662,484	5,156,509
Aggregate write-ins for miscellaneous income	21,850	-	21,850	3,604
Totals	<u>23,383,997</u>	<u>-</u>	<u>23,383,997</u>	<u>19,076,919</u>
Death benefits	2,970,601	-	2,970,601	3,098,198
Annuity benefits	39,213	-	39,213	479,563
Disability benefits and benefits under accident and health contracts	49,918	-	49,918	88,537
Coupons, guaranteed annual pure endowments and similar benefits	2,681	-	2,681	5,842
Surrender benefits and withdrawals for life contracts	1,469,634	-	1,469,634	1,327,949
Interest and adjustments on contract or deposit-type contract funds	105,041	-	105,041	83,471
Payments on supplementary contracts with life contingencies	118,660	-	118,660	123,111
Increase in aggregate reserves for life and accident and health contracts	2,213,704	-	2,213,704	(1,426,583)
Totals	<u>6,969,452</u>	<u>-</u>	<u>6,969,452</u>	<u>3,780,089</u>
Commissions on premiums, annuity considerations and deposit-type contract funds	10,639,979	-	10,639,979	8,382,536
Commissions and expense allowances on reinsurance assumed	44,437	-	44,437	40,778
General insurance expenses	3,825,934	-	3,825,934	3,992,777
Insurance taxes, licenses and fees, excluding federal income taxes	723,855	-	723,855	858,710
Increase in loading on deferred and uncollected premiums	592,969	-	592,969	1,522,448
Aggregate write-ins for deductions	616	-	616	795
Totals	<u>22,797,242</u>	<u>-</u>	<u>22,797,242</u>	<u>18,578,132</u>
Net gain from operations before dividends to policyholders and federal income taxes	586,755	-	586,755	498,787
Dividends to policyholders	(2,032)	-	(2,032)	7,442
Net gain from operations after dividends to policyholders and before federal income taxes	588,787	-	588,787	491,345
Federal and foreign income taxes incurred	204,047	-	204,047	119,509
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	384,740	-	384,740	371,836
Net realized capital gains (losses)	(45,871)	-	(45,871)	(65,026)
Net income (loss)	<u>\$ 338,869</u>	<u>\$ -</u>	<u>\$ 338,869</u>	<u>\$ 306,811</u>

UNITED HOME LIFE INSURANCE COMPANY
FINANCIAL STATEMENTS
Capital and Surplus Reconciliation

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Capital and Surplus Account:					
Capital and surplus, December 31, prior year	\$ 8,234,569	\$ 9,965,022	\$ 15,885,349	\$ 16,032,581	\$ 16,397,966
Net income (loss)	(1,212,306)	(476,476)	(208,782)	306,811	338,869
Change in net unrealized capital gains (losses)	142,257	53,517	(505,916)	240,934	173,532
Change in net deferred income tax	342,106	(55,452)	143,364	154,408	557,450
Change in nonadmitted assets	(374,763)	14,498	(376,736)	(621,422)	(832,873)
Change in asset valuation reserve	(41,842)	(47,170)	216,363	(158,589)	(37,200)
Change in surplus notes	-	(2,000,000)	-	-	-
Surplus adjustment:	-	-	-	-	-
Paid in	2,875,000	10,000,000	-	-	-
Aggregate write-ins for gains and losses in surplus	-	(1,568,591)	878,939	443,244	39,935
Net change in capital and surplus for the year	<u>1,730,453</u>	<u>5,920,327</u>	<u>147,232</u>	<u>365,386</u>	<u>239,713</u>
Capital & surplus, December 31, current year	<u>\$ 9,965,022</u>	<u>\$15,885,349</u>	<u>\$ 16,032,581</u>	<u>\$ 16,397,966</u>	<u>\$ 16,637,679</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2010, based on the results of this examination.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of fieldwork that were considered to have a material effect on the financial statements of the Company.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-In-Charge appointed by the Indiana Department of Insurance and that she, in coordination with staff assistance from Noble Consulting Services, Inc. and actuarial assistance from Actuarial Options, LLC, hereinafter collectively referred to as the "Examiners", performed an examination of **United Home Life Insurance Company** as of **December 31, 2010**.

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

This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached report of examination is a true and complete report of condition of **United Home Life Insurance Company** as of **December 31, 2010**, as determined by the undersigned.

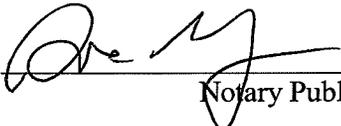


Lisa A. Warrum, CFE
Noble Consulting Services, Inc.

State of:
County of:

On this 7 day of September, 2011, before me personally appeared, Lisa A. Warrum, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notorial seal in said County and State, the day and year last above written.

My commission expires: July 4, 2019  _____
Notary Public

