STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

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

ORDER

After full consideration and review of the report of the financial examination of Family Benefit 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 Family Benefit Life Insurance Company as of December 31, 2013 be and is hereby ADOPTED as filed and for Family Benefit 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 10th day of November, 2014.

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

REPORT OF THE

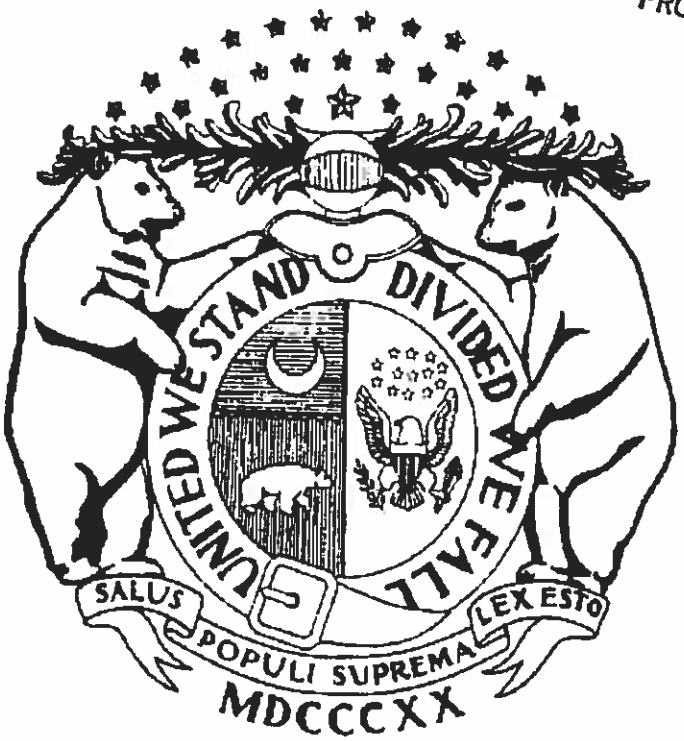
FINANCIAL EXAMINATION OF

Family Benefit Life Insurance Company

AS OF

DECEMBER 31, 2013

FILED
NOV 20 2014
DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

TABLE OF CONTENTS

SCOPE OF EXAMINATION 1

PERIOD COVERED 1

PROCEDURES 1

SUMMARY OF SIGNIFICANT FINDINGS 2

SUBSEQUENT EVENTS 2

CORPORATE HISTORY 2

GENERAL 2

CAPITAL CONTRIBUTIONS 3

DIVIDENDS 3

MERGERS AND ACQUISITION 3

CORPORATE RECORDS 3

BOARD OF DIRECTORS 3

COMMITTEES 4

OFFICERS 4

HOLDING COMPANY, SUBSIDIARIES AND AFFILIATES 5

ORGANIZATIONAL CHART 5

INTERCOMPANY AGREEMENTS 6

FIDELITY BOND AND OTHER INSURANCE COVERAGES 6

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS 6

INSURANCE PRODUCTS AND RELATED PRACTICES 7

GROWTH OF THE COMPANY AND LOSS EXPERIENCE 7

REINSURANCE 8

GENERAL 8

ASSUMED 8

CEDED 8

ACCOUNTS AND RECORDS 9

STATUTORY DEPOSITS 10

DEPOSITS WITH THE STATE OF MISSOURI 10

DEPOSITS WITH OTHER STATES 10

FINANCIAL STATEMENTS 10

ASSETS 11

LIABILITIES, SURPLUS AND OTHER FUNDS 12

SUMMARY OF OPERATIONS 13

CAPITAL AND SURPLUS ACCOUNT 14

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION 14

COMMENTS ON FINANCIAL STATEMENT ITEMS 14

SUMMARY OF RECOMMENDATIONS 14

ACKNOWLEDGMENT 15

VERIFICATION 15

SUPERVISION 16

Tulsa, OK
September 19, 2014

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

Director Huff:

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

Family Benefit Life Insurance Company

hereinafter referred to as Family Benefit or as the Company. Its main administrative office is located at 7633 East 63rd Place, Suite 230, Tulsa, OK 74133. The fieldwork for this examination began on March 1, 2014, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

We have performed a full scope association examination of Family Benefit Life Insurance Company. Family Benefit was last examined by the Missouri Department of Insurance, Financial Institution and Professional Registration (DIFP) as of December 31, 2010. The current full scope association examination covers the period from January 1, 2011 through December 31, 2013.

The examination was conducted in coordination with the State of Oklahoma's examination of Trinity Life Insurance Company as of December 31, 2012. Trinity Life Insurance Company (Trinity Life or TLIC), an Oklahoma domestic, is the parent of Family Benefit.

This examination also included the material transactions or events occurring subsequent to December 31, 2013 as noted in this report.

Procedures

This examination was conducted in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (Handbook), except where practices, procedures and applicable regulations of the 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 the Company, including corporate governance, inherent risks within the Company, system controls, and procedures used to mitigate those risks. This examination also included assessing the principles used and significant estimates made by management, as well as evaluating the

overall financial statement presentation and 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 approach. The key activities identified in the examination of Family Benefit were as follows:

- Investments
- Premiums
- Claims Handling
- Underwriting
- Life Reserving

Due to the coordinated nature of the examination, the examiners relied on information obtained from the following entities in completing the examination:

- The examiners relied upon information supplied by the Company's independent auditor, Kerber, Eck & Braeckel LLP, of Springfield, Illinois, for its audit covering the period from January 1, 2013 through December 31, 2013. Areas in which the testing and results from the CPA workpapers were relied upon in our examination included descriptions of processes and controls, cash confirmations, attorney letters and taxes.
- As noted above, reliance was also placed on the work performed by the Oklahoma Insurance Department examiners as part of the coordinated examination.

SUMMARY OF SIGNIFICANT FINDINGS

Family Benefit is insured by a standard financial institution bond providing fidelity and crime coverage with an aggregate liability limit of $500,000 and a $25,000 deductible. This level of coverage was less than the suggested minimum amount of fidelity insurance per NAIC guidelines. Per the NAIC guidelines, the minimum amount of fidelity coverage given the financial size of the Company is a bond with a minimum liability limit of $800,000.

SUBSEQUENT EVENTS

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

CORPORATE HISTORY

General

Family Benefit Life Insurance Company was incorporated on October 14, 1964. The Company commenced business on October 29, 1964, as a stock life and health insurer under the insurance laws of Missouri at Chapter 376 RSMo (Life, Health and Accident Insurance).

Prior to its acquisition in 2011, Family Benefit was privately owned by a group of shareholders with none owning 10% or more of the issued and outstanding shares. Pursuant to a stock purchase agreement, the Company was acquired by Trinity Life Insurance Company, an Oklahoma life insurer through a series of transactions that began on September 23, 2011 and ended on December 28, 2011. Trinity Life is wholly owned by First Trinity Financial Corporation (FTFC), an Oklahoma financial holding company that is located in Tulsa, Oklahoma.

Capital Contributions

In January 2013, Trinity Life contributed $615,975 as paid-in surplus to the Company. This contribution raised the Company's Gross paid-in and Contributed Surplus to $1,010,000 as of December 31, 2013. This surplus contribution was a partial return of dividend paid by the Company to the parent in 2012.

Dividends

Cash dividends declared and paid to shareholders during each year of the examination period were as follows:

2013	$850,000 ($418,018 was extraordinary dividend)
2012	$1,515,975 ($295,920 was extraordinary dividend)
2011	$578,120

Mergers and Acquisition

As noted in the Corporate History section above, the Company was the subject of an acquisition by Trinity Life Insurance Company, an Oklahoma life insurer, effective December 28, 2011.

CORPORATE RECORDS

A review was made of the Articles of Incorporation and Bylaws of the Company for the examination period. During the examination period, the Articles were amended after the acquisition of the Company by TLIC to update change in location of the principal office, change in the identity of the registered agent and to change the place of the annual shareholder meeting.

The Bylaws of the Company were not amended during the examination period. However, during the course of the examination, the Company provided a copy of its Bylaws that have differences in certain provisions from the copy that is on file with the DIFP. Most of the differences are on Article III of the Bylaws, which deals with stockholder provisions. The Company has been made aware of these differences under separate communication.

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

Board of Directors

The management of the Company is vested in a Board of Directors that are appointed by the shareholder. The Company's Bylaws specify that there shall be nine directors. The Board of Directors appointed and serving, as of December 31, 2013, was as follows:

Name	Address	Principal Occupation and Business Affiliation
Gregg E. Zahn	Tulsa, OK	Chief Executive Officer, FTFC
Ross A. Walquist	Jefferson City, MO	President & Treasurer, Family Benefit
Wayne W. Klein	Scottsdale, AZ	Chief Executive Officer, SkyMed International, Inc.
Gary L. Sherrer	Stillwater, OK	Assistant Vice President, Oklahoma State University
William S. Lay	Estero, FL	Chief Investment Officer, Trinity Life
Jeffrey J. Wood	Tulsa, OK	Chief Financial Officer, Trinity Life
Alvin J. Begnoche	Tulsa, OK	Vice President of Marketing, FTFC
George E. Peintner	Duncan, OK	Self-Employed, Internet Marketing
Gerald J. Kohout	Keller, TX	Senior Vice President, SRLC Management Corp.

Committees

The Bylaws allow for committees to be appointed by the Board of Directors as needed. At the May 15, 2013 Board of Directors meeting, the Board approved Audit, Investment, Compensation, and Nominating & Governance Committees. Per a review of the minutes provided by the Company, the only committee holding meetings as of year-end 2013 is the Investment Committee. In the interim, the Committees of the ultimate parent, FTFC, function on behalf of the Company. As of December 31, 2013, the established Committees had the following members serving:

Investment (Family Benefit)

Gregg E. Zahn, Chairman
William S. Lay
George E. Peintner
Ross A. Walquist

Audit (FTFC)

Wayne W. Klein, Chairman
Gary L. Sherrer
William H. Hill

Nominating & Governance (FTFC)

William S. Lay, Chairman
Charles W. Owens
Gary L. Sherrer

Compensation (FTFC)

George E. Peintner, Chairman
William H. Hill
Wayne W. Klein

Officers

The officers elected by the Board of Directors and serving as of December 31, 2013, were as follows:

Officer	Elected Position
Ross A. Walquist	President and Treasurer
Jeffrey J. Wood	Chief Financial Officer and Secretary
Gregg E. Zahn	Chairman and Chief Executive Officer
William S. Lay	Assistant Treasurer

AFFILIATED COMPANIES

Holding Company, Subsidiaries and Affiliates

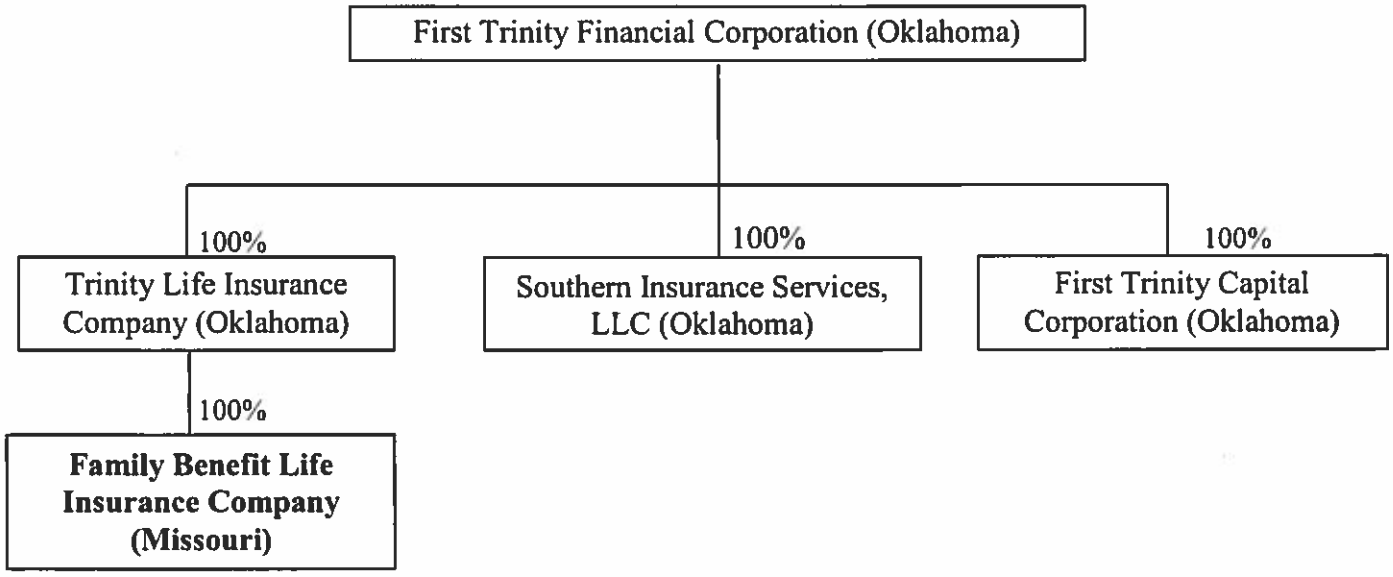
Family Benefit Life Insurance Company is a member of an Insurance Holding Company System as defined by Section 382.010 RSMo (Definitions). An Insurance Holding Company System Registration Statement was filed by Family Benefit for itself for each of the two periods of the examination period after it became subject to the holding company laws. As of December 31, 2013, the Company was directly owned 100% by Trinity Life, which in turn, is 100% owned by First Trinity Financial Corporation, an Oklahoma public entity that files with the Securities and Exchange Commission (SEC).

The Company was acquired by Trinity Life on December 28, 2011, pursuant to a purchase agreement whereby Trinity Life purchased 100% of the outstanding common stock of Family Benefit.

The Company is also affiliated with First Trinity Capital Corporation (FTCC), which provides premium financing services and Southern Insurance Services, LLC (SIS), a limited liability company that operated as a property and casualty insurance agency. It is currently a shell company that may be used as an insurance agency, but has no current operations.

Organizational Chart

The organizational chart below depicts the holding company system of the Company as of December 31, 2013:



Intercompany Agreements

The Company's agreements with related parties that were in effect, as of December 31, 2013 and subsequent periods, are outlined below.

1. **Type:** Administrative Services Cost Sharing Agreement
   Affiliate: FTFC
   Effective: January 1, 2012 for successive one-year terms until terminated
   Terms: In accordance with the terms of the agreement, FTFC will provide office space, office equipment and other related miscellaneous office services to Family Benefit. The agreement further states that Family Benefit will reimburse FTFC the cost of providing these services.

   Family Benefit paid FTFC $480,729 and $390,629 in 2013 and 2012, respectively for services provided under the agreement.

2. **Type:** Tax Sharing Agreement
   Affiliate: Trinity Life
   Effective: November 1, 2013
   Terms: TLIC will file a consolidated federal tax return for itself and Family Benefit. The tax liability for each entity shall be based upon each entity's taxable income or loss as reflected in the consolidated financial statements. Any adjustments for additional tax liability shall be paid within 30 days of notification and any refunds shall be paid within 30 days of receipt. Both parties agreed to comply with regulations dealing with consolidated tax filings in accordance with U.S. Treasury Regulation Section 1502.

FIDELITY BOND AND OTHER INSURANCE COVERAGES

Family Benefit is insured by a standard financial institution bond providing fidelity and crime coverage with an aggregate liability limit of $500,000 and a $25,000 deductible. This level of coverage was less than the suggested minimum amount of fidelity insurance per NAIC guidelines.

The Company and other affiliated entities are name insureds under a number of other insurance policies, which include, but are not limited to, property coverage, general liability, errors and omission, commercial, directors and officers liability, umbrella liability and workers compensation.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

Family Benefit does not have any employees and as such, does not provide any pension, stock ownership or insurance plans.

INSURANCE PRODUCTS AND RELATED PRACTICES

Family Benefit is licensed by the Missouri Department of Insurance, Financial Institutions and Professional Registration under Chapter 376 RSMo (Life, Health and Accident Insurance) to write the following lines of business: life, annuities, endowments, and accident & health. The Company is also licensed in the following fifteen additional states as of December 31, 2013: Arizona, Arkansas, Colorado, Illinois, Indiana, Kansas, Kentucky, Nebraska, New Mexico, North Dakota, Oklahoma, Pennsylvania, South Dakota, Texas, and West Virginia.

The Company became licensed in the states of Louisiana and North Carolina subsequent to the examination date during the first half of 2014 and the Company has also applied for licensure to write business in the states of Alabama and Ohio.

Business written in Missouri accounted for approximately 79% of total direct premiums and annuity considerations in 2013. Kansas and Nebraska in combination accounted for another 13%.

Approximately 54% and 44% of direct premiums written in 2013 were on ordinary life and individual annuities, respectively. During the examination period, the Company assumed a small block of group life insurance business from Servicemembers' Group Life Insurance (SGLI) pool administered by the Prudential Insurance Company of America. However, this contract was cancelled in 2013.

The current marketing plan consists of jointly marketing Family Benefit's and Trinity Life's products in the states they are respectively authorized to transact business. Marketing is handled through independent agents directly or through independent marketing organizations. At year-end 2013, Family Benefit had 250 agents. Although the number of appointed agents has increased since the last examination, it should be noted that the Company's net premium has decreased in each of the years under examination.

The Company plans to increase premium by marketing a final expense whole life product issued on a simplified or graded death benefit basis with a maximum benefit of $25,000. The Company also plans to increase its advertising and promotion of the current whole life, term and deferred annuity products.

GROWTH OF THE COMPANY AND LOSS EXPERIENCE

The Company reported positive operating results during the examination period, however due to a change in ownership of the Company in 2012, dividend payments to stockholders have also increased. The Company's revenue has decreased over 16% since 2011 although overall net income has remained steady, probably as a result of efficiencies gained in the operating structure established by the new ownership. Due primarily to a surplus contribution of $615,975 in 2013, current Capital and Surplus has increased 10% from the 2010 year-end amount.

Benefit and loss payments have increased during the examination period due to increased surrender benefits and withdrawals for life contracts. Premiums earned have decreased since the Company stopped writing new group life products in 2012.

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

Description	2013	2012	2011	2010
Total Admitted Assets	$62,342,107	$62,916,496	$62,164,864	$60,442,120
Total Liabilities	50,868,964	52,436,922	51,213,727	50,002,034
Total Capital and Surplus	11,473,143	10,479,574	10,951,137	10,440,086
Premiums Earned	1,492,865	1,749,020	2,399,729	2,019,236
Total Revenue	5,265,292	5,374,253	6,305,442	5,554,878
Total Contract Benefits	3,601,655	2,774,039	2,876,923	2,354,690
Net Income (Loss)	1,109,125	1,107,135	1,226,329	1,010,895
Dividends to Stockholders	850,000	1,516,975	578,120	193,874
Premium Earned to Cap. and Surplus	13.0%	16.7%	21.9%	19.3%

REINSURANCE

General

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

	2013	2012	2011
Direct Business	$1,418,186	$1,554,419	$2,020,739
Reinsurance Assumed:			
Affiliates	0	0	0
Non-affiliates	203,739	334,850	511,639
Reinsurance Ceded:			
Affiliates	0	0	0
Non-affiliates	(129,060)	(140,249)	(132,650)
Net Premiums Written	**$1,492,865**	**$1,749,020**	**$2,399,728**

Assumed

Family Benefit had one assumed reinsurance agreement, effective November 24, 1967, with The Prudential Insurance Company of America (Prudential). Pursuant to this agreement, the Company assumed a small percentage of pooled business from the Service Member's Group Life Insurance program, which is administered by Prudential. During 2013, this agreement was cancelled with no losses pending or outstanding.

Ceded

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 agreement.

Family Benefit utilizes only one reinsurer, Optimum Re Insurance Company (Optimum Re). A reinsurance agreement, effective January 1, 2001, with Optimum Re cedes risks on both an automatic and facultative basis. The Company retains $50,000 per insured life. Optimum Re is ceded up to $200,000 per risk in excess of the retention on an automatic basis. Policy limits in excess of the automatic limit of $250,000 may be reinsured on a facultative basis up to a limit of $10,000,000 per insured life. This agreement also has terms that provides for Family Benefit to cede policies that were recaptured by the Company from terminated reinsurance agreements.

The Company has an AD&D agreement with Optimum Re. The agreement covers Accidental Death Benefit riders that Family Benefit has written since November of 2002. Optimum Re assumes all risks above Family Benefit's retention of $0 per Schedule A with a maximum of $300,000. The majority of the Company's business is reinsured on an excess of loss basis with high retentions.

ACCOUNTS AND RECORDS

The Company along with the parent, Trinity Life, relies on Investors Heritage Life Insurance Company (IHLIC) located in Frankfort, Kentucky to provide the majority of its back office functions pursuant to a third-party (TPA) agreement. The Company has access to IHLIC's network via a Cisco security appliance using an IPSEC VPN tunnel. During the examination period, IHLIC performed a migration of software from the mainframe to a distributed computing environment operating on a Microsoft SQL server. Microsoft SQL Server is a relational database management system developed by Microsoft.

IHLIC provides to the Company all policy, claim, producer management, financial reporting including general ledger and accounting, reinsurance management, and investment and fund management functions. All of these systems were developed internally by IHLIC's Information Technology staff that is also responsible for the overall information system function. Family Benefit also uses Clearwater Analytics for investment portfolio reporting and analysis. Information from these systems are used by IHLIC to prepare Family Benefit's Annual Statement including supporting workpapers.

The Company's financial statements for the year 2011 were audited by Seaver & Forck, LLP, Certified Public Accountants, of Jefferson City, Missouri. For the years 2012 and 2013, the Company's financials were audited by Kerber, Eck & Braeckel, LLP, Certified Public Accountants, of Springfield, Illinois. Reserves and related actuarial items for the period January 1, 2011 to December 31, 2012, were reviewed and certified by Edward F. Cowman, FSA, MAAA, consulting actuary associated with the firm of Bruce and Bruce Company, Consulting Actuaries, of Lake Bluff, Illinois. For the year 2013, Julie A Hunsinger, FSA, MAAA, Vice President and Chief Actuary for Investors Heritage Life Insurance Company, Frankfort, Kentucky provided actuarial services and the actuarial opinion for the Company.

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, 2013, 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 were as follows:

Type of Security	Par Value	Fair Value	Statement Value
U.S. Treasury Notes	$1,600,000	$1,512,188	$1,394,861

Deposits with Other States

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

State	Type of Security	Par Value	Fair Value	Statement Value
Arkansas	U.S. Treasury	$100,000	$97,934	$100,000
New Mexico	U.S. Treasury Note	100,000	115,797	99,664
Totals		**$200,000**	**$213,731**	**$199,664**

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of Family Benefit Life Insurance Company 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 Statement 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

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	$56,161,039		$56,161,039
Preferred Stocks	250,652		250,652
Common Stocks	147,896		147,896
Mortgage Loans on Real Estate	833,964		833,964
Real Estate	135,892		135,892
Cash, Cash Equivalents and Short-term Investments	2,770,244		2,770,244
Contract Loans	908,697		908,697
Receivable from Securities	25,000		25,000
Investment Income Due and Accrued	707,228		707,228
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in Course of Collection	13,140		13,140
Deferred Premiums and Agents' Balances	157,856		157,856
Amounts Recoverable from Reinsurers	5,800		5,800
Other Amounts Receivable from Reinsurers	21		21
Net Deferred Tax Assets	286,103	$212,285	73,818
Guaranty Funds Receivable or on Deposit	44,806		44,806
Health Care and Other Amounts Receivable	129,859	23,806	106,053
Aggregate Write-ins for Other Assets	7,100	7,100	0
TOTAL ASSETS	**$62,585,297**	**$243,191**	**$62,342,106**

Liabilities, Surplus and Other Funds

Aggregate Reserve for Life Contracts	$44,856,307
Aggregate Reserve for Accident and Health Contracts	439
Liability for Deposit-type Contracts	4,209,580
Contract Claims: Life	67,807
Dividends Apportioned for Payment	45,375
Coupons and Similar Benefits	14,396
Advance Premiums	4,286
Interest Maintenance Reserve	653,276
General Expenses Due or Accrued	47,000
Taxes, Licenses and Fees	21,000
Current Federal Income Taxes	113,659
Unearned Investment Income	27,321
Amounts Withheld or Retained By Company as Agents or Trustees	12,720
Amounts Held for Agents' Account	1,897
Remittances and Items not Allocated	162,936
Asset Valuation Reserve	557,038
Payable to Parent, Subsidiaries and Affiliates	41,920
Payable for Securities	7
Aggregate Write-Ins for Liabilities	32,000
TOTAL LIABILITIES	**$50,868,964**
Common Capital Stock	1,604,378
Gross Paid in and Contributed Surplus	1,010,000
Unassigned Funds	10,315,651
Less Treasury Stock	(1,456,886)
Total Surplus	$9,868,765
Total Capital and Surplus	$11,473,143
TOTAL LIABILITIES AND SURPLUS	**$62,342,107**

Summary of Operations

Premiums and Annuity Considerations	$1,492,865
Net Investment Income	3,695,019
Amortization of Interest Maintenance Reserve	77,408
TOTAL	**$5,265,292**
Death Benefits	430,955
Annuity Benefits	993,098
Disability Benefits and Benefits Under Accident & Health Policies	4,828
Coupons, Guaranteed Endowments and Similar Benefits	14,471
Surrender Benefits and Withdrawals for Life Contracts	2,158,303
Group Conversions	(493)
Interest and Adjustments on Contract and Deposit-type Contract Funds	141,791
Payments on Supplementary Contracts with Life Contingencies	234,698
Increase in Aggregate Reserves for Life and Accident & Health Policies	(1,114,247)
Commissions on Premiums and Annuity Considerations	33,517
General Insurance Expenses	941,176
Insurance Taxes, Licenses and Fees	87,876
Increase in Loading on Deferred and Uncollected Premiums	19,174
TOTAL	**$3,945,147**
NET GAIN FROM OPERATIONS	**$1,320,145**
Dividends to Policyholders	26,146
Federal Income Taxes Incurred	317,058
Net Realized Capital Gains and (Losses)	132,184
NET INCOME	**$1,109,125**

Summary of Operations

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Federal Income Taxes Incurred	317,058
Net Realized Capital Gains and (Losses)	132,184
NET INCOME	**$1,109,125**

Capital and Surplus Account

Capital and Surplus, December 31, 2012	$ 10,479,574
Net Income	1,109,125
Change in Net Unrealized Capital Gains and (Losses)	41,951
Change in Net Deferred Income Tax	(6,598)
Change in Non-Admitted Assets	47,901
Change in Asset Valuation Reserve	35,216
Paid in Surplus	615,975
Dividend to Stockholders	(850,000)
Net Change in Capital and Surplus	$993,570
Capital and Surplus at December 31, 2013	**$11,473,144**

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None

COMMENTS ON FINANCIAL STATEMENT ITEMS

None

SUMMARY OF RECOMMENDATIONS

Fidelity Bond and Other Insurance (Page 7)
Family Benefit is insured by a standard financial institution bond providing fidelity and crime coverage with an aggregate liability limit of $500,000 and a $25,000 deductible. This level of coverage was less than the suggested minimum amount of fidelity insurance per NAIC guidelines. It is recommended the Company increase the liability limit to a minimum of $800,000 to comply with NAIC guidelines.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Family Benefit Life Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Alvin Garon, CFE, examiner for the DIFP, participated in this examination.

VERIFICATION

State of Missouri)
County of Jackson)

I, Levi N. Nwasoria, 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 Family Benefit Life Insurance 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.

Levi N. Nwasoria, CPA, CFE
Examiner-In-Charge
Missouri Department of Insurance, Financial Institutions and Professional Registration

Sworn to and subscribed before me this 16th day of September, 2014.

My commission expires: 04-14-2016

Notary Public

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

BEVERLY M. WEBB
My Commission Expires
April 14, 2016
Clay County
Commission #12464070

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, except where practices, procedures and applicable regulations of the DIFP and statutes of the State of Missouri prevailed.

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

MISSOURI DEPARTMENT OF INSURANCE FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

REPORT OF THE FINANCIAL EXAMINATION

OF

FAMILY BENFIT LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2013

SUMMARY OF RECOMMENDATIONS BY THE MISSOURI DEPARTMENT OF INSURANCE FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION AND FAMILY BENFIT LIFE INSURANCE COMPANY'S RESPONSE

Missouri Department of Insurance Financial Institutions and Professional Registration ("DIFP") Summary of Recommendations – Fidelity Bond and Other Insurance:

Family Benefit Life Insurance Company ("Family Benefit" or the "Company") is insured by a standard financial institution bond providing fidelity and crime coverage with an aggregate liability limit of $500,000 and a $25,000 deductible. This level of coverage was less than the suggested minimum amount of fidelity insurance per National Association of Insurance Commissioners ("NAIC") guidelines. It is recommended the Company increase the liability limit to a minimum of $800,000 to comply with NAIC guidelines.

FBLIC Management's Response – Fidelity Bond and Other Insurance:

Family Benefit personnel will raise the financial institution bond coverage to at least $800,000 to be at or above NAIC suggested minimum amount of fidelity insurance coverage and will supply the documentation of that increase to DIFP personnel. FBLIC personnel will review insurance coverage annually to ensure that minimum NAIC amounts are met. Those NAIC recommended amounts are not routinely available but are only contained in the NAIC Examiners' Handbook. FBLIC personnel will work with DIFP personnel to obtain access to those insurance requirements annually that are summarized in the NAIC Examiners' Handbook.