STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

RE: Examination Report of Missouri Valley Life and Health Insurance Company for the period ended December 31, 2012

ORDER

After full consideration and review of the report of the financial examination of Missouri Valley Life and Health Insurance Company for the period ended December 31, 2012, 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 Missouri Valley Life and Health Insurance Company as of December 31, 2012, be and is hereby ADOPTED as filed and for Missouri Valley Life and Health 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 23rd day of December, 2013.

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

REPORT OF THE

FINANCIAL EXAMINATION OF

Missouri Valley Life and Health Insurance Company

AS OF

DECEMBER 31, 2012

FILED

JAN 0 2 2014

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, MO
November 3, 2013

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

Missouri Valley Life and Health Insurance Company

hereinafter referred to as Missouri Valley or as the Company. Its main administrative office is located at 2301 Main Street, Kansas City, MO 64108. The fieldwork for this examination began on December 3, 2012, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) has performed a full scope financial examination of Missouri Valley Life and Health Insurance Company. The last examination of the Company was also performed by the DIFP as of December 31, 2007. This current examination covers the period of January 1, 2008 through December 31, 2012.

This examination was performed concurrently with the examination of the Company's parent, Blue Cross and Blue Shield of Kansas City (BCBSKC) and its other affiliates: Good Health HMO, Inc. (Good Health) and Blue Advantage Plus of Kansas City, Inc. (BA+).

The examination also includes the material transactions and/or events occurring subsequent to December 31, 2012.

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 Missouri Valley were as follows:

- Investments
- Premiums
- Expenses
- Claims Handling
- Reserving
- Related Parties
- Taxes

Reliance Upon Others

The examination relied upon information provided by the Company and its management. Where the examiners have deemed appropriate, this information has been tested or verified with external sources. The examiners also relied upon information supplied by the Company's independent auditor, Ernst & Young, LLP of Kansas City, Missouri for its audit covering the period from January 1, 2011 through December 31, 2011 and Blue Cross and Blue Shield of Kansas City's, Internal Audit Department. Information relied upon included fraud risk analysis; process narratives; control testing for investments, premiums, claims, and taxes.

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, 2012 through the date of this report.

CORPORATE HISTORY

General

Missouri Valley Life and Health Insurance Company was incorporated on June 4, 1987, and commenced business on June 1, 1990 as a life insurer under the insurance laws of Chapter 376 RSMo (Life, Health, and Accident Insurance). The Company is also licensed to write insurance in the State of Kansas, but has not written any premiums in Kansas since 1999. Missouri Valley was originally established primarily to write individual and group health business outside of the service territory of its ultimate parent Blue Cross Blue Shield of Kansas City.

Capital Contributions

The Company received no capital contributions during the period under examination.

Dividends

No dividends were declared or paid during the examination period.

Mergers and Acquisition

There were no mergers significant to Missouri Valley during the period under examination.

CORPORATE RECORDS

The Company's Articles of Consolidation and Incorporation and its Bylaws were reviewed for the period under examination. Neither the Articles of Consolidation and Incorporation, nor the Bylaws were amended during the examination period.

The minutes, for both the Board of Directors and shareholders, 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. The Company's Articles of Incorporation and Bylaws specify that the number of directors shall be fixed at nine, which may be increased or decreased by future action of the Board. As of December 31, 2012 there were nine directors serving on the Board. The Directors elected and serving as of December 31, 2012, were as follows:

Name	Residential Address	Principal Occupation and Business Affiliations
Kevin P. Sparks	Olathe, KS	President, Missouri Valley and Group Executive and Chief Strategy Officer, BCBSKC
Danette K. Wilson	Kansas City, MO	President and CEO, Good Health and Group Executive of External Operations & Chief Marketing Officer, BCBSKC
Richard J. Kastner	Leawood, KS	Secretary, Group Executive and General Counsel, BCBSKC
Bryan R. Camerlinck	Overland Park, KS	Treasurer and Group Executive, Financial & Internal Operations and Chief Financial Officer, BCBSKC
Brian M. Burns	Mission Hills, KS	President, BA+ and Chief Health Services Executive, BCBSKC
Wayne M. Powell	Kansas City, MO	Vice President, BCBSKC
Kim G. White	Lawrence, KS	Director of Marketing and Product Development, BCBSKC
Nancy M. Creasy	Lee's Summit, MO	Senior Vice President of Operations & Chief Services Executive, BCBSKC
Thomas E. Nightingale	Kansas City, MO	Chief Actuary, BCBSKC

Committees

The Company does not have any committees and utilizes the committees of its parent Blue Cross and Blue Shield of Kansas City to manage the operations of the business.

Officers

The Board of Directors annually elects various Company officers, as required by the Bylaws. The President and Chief Executive Officer will supervise the day to day operations of the Company as directed by the Board of Directors. The senior officers elected and serving as of December 31, 2012, were as follows:

Kevin P. Sparks	President
Danette K. Wilson	Vice President
Richard J. Kastner	Secretary
Thomas E. Nightingale	Treasurer and Actuary
Bryan R. Camerlinck	Chairman and Chief Executive Officer

Holding Company, Subsidiaries, and Affiliates

Missouri Valley Life and Health 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 Missouri Valley's parent, BCBSKC on behalf of itself, Missouri Valley, and its other subsidiaries for each year of the examination period.

Missouri Valley is 100% owned by BCBSKC, which is a not-for-profit, health care insurer that is domiciled in the State of Missouri. BCBSKC has no stockholders or other ownership. Missouri Valley is ultimately controlled by the Board of Directors of BCBSKC.

BCBSKC has several subsidiaries that all have businesses involved in or related to the health care industry. These subsidiaries are described as follows:

- Good Health HMO, Inc. d/b/a Blue Care, Inc., Blue Advantage Plus of Kansas City, Inc., and Missouri Valley are Missouri domiciled insurers. BCBSKC owns 100% interest in these Missouri domiciled subsidiaries.

- Financial Associates Midwest, Inc. (FAM) is a brokerage company specializing in group and individual health products, life, dental, disability, and retirement annuities. BCBSKC owns 100% interest in FAM.

- Capri Holding Company, LLC (Capri) is a holding company for Topaz Shared Services, LLC. BCBSKC owns 100% interest in Capri.

- Topaz Shared Services, LLC (Topaz) is a joint effort between the Company and Blue Cross and Blue Shield of North Carolina to collaborate in providing information technology services and resources for claims processing, enrollment, and billing for individual and small group markets. BCBSKC owns 50% interest in Topaz.

- Cobalt Ventures, LLC (Cobalt) is a holding company and directly holds BCBSKC interest in its non-insurance subsidiaries. The entities held are NDBH Holding Company LLC, The EPOCH Group, LC, Preferred Health Professionals LLC, CompAlliance, LLC, and Cobalt Talon LLC. BCBSKC owns 100% interest in Cobalt Ventures, LLC.

- The EPOCH Group, LC (EPOCH) provides administrative services for third-party employers that have self-funded health insurance programs. Cobalt owns 99% interest in EPOCH and Good Health owns the remaining 1% interest.

- Preferred Health Professionals, LLC (PHP) provides network rental and medical management services for groups and third-party administrators. BCBSKC owns 100% interest in PHP.

- The Astra Group, Inc. (Astra) is a human resources outsourcing provider that offers services such as employee administration, compliance and risk management, audits and reporting, recruiting and hiring, custom policies and best practices, performance management, training and development, benefit packages, and payroll and tax administration. BCBSKC owns 55% interest in Astra.

- Cobalt Talon, LLC (Cobalt Talon) is involved in professional, technical, and scientific services. It provides analytic services to the health care industry by offering business intelligence through customized software service solutions. BCBSKC owns 50% interest in Cobalt Talon.

- NDBH Holding Company, LLC (NDBH HoldCo) is a holding company that owns NDBH. BCBSKC owns 65% interest in NDBH HoldCo.

- New Directions Behavioral Health, LLC (NDBH) manages behavioral health benefits and operates an employee assistance program. BCBSKC owns 99% interest in NDBH.

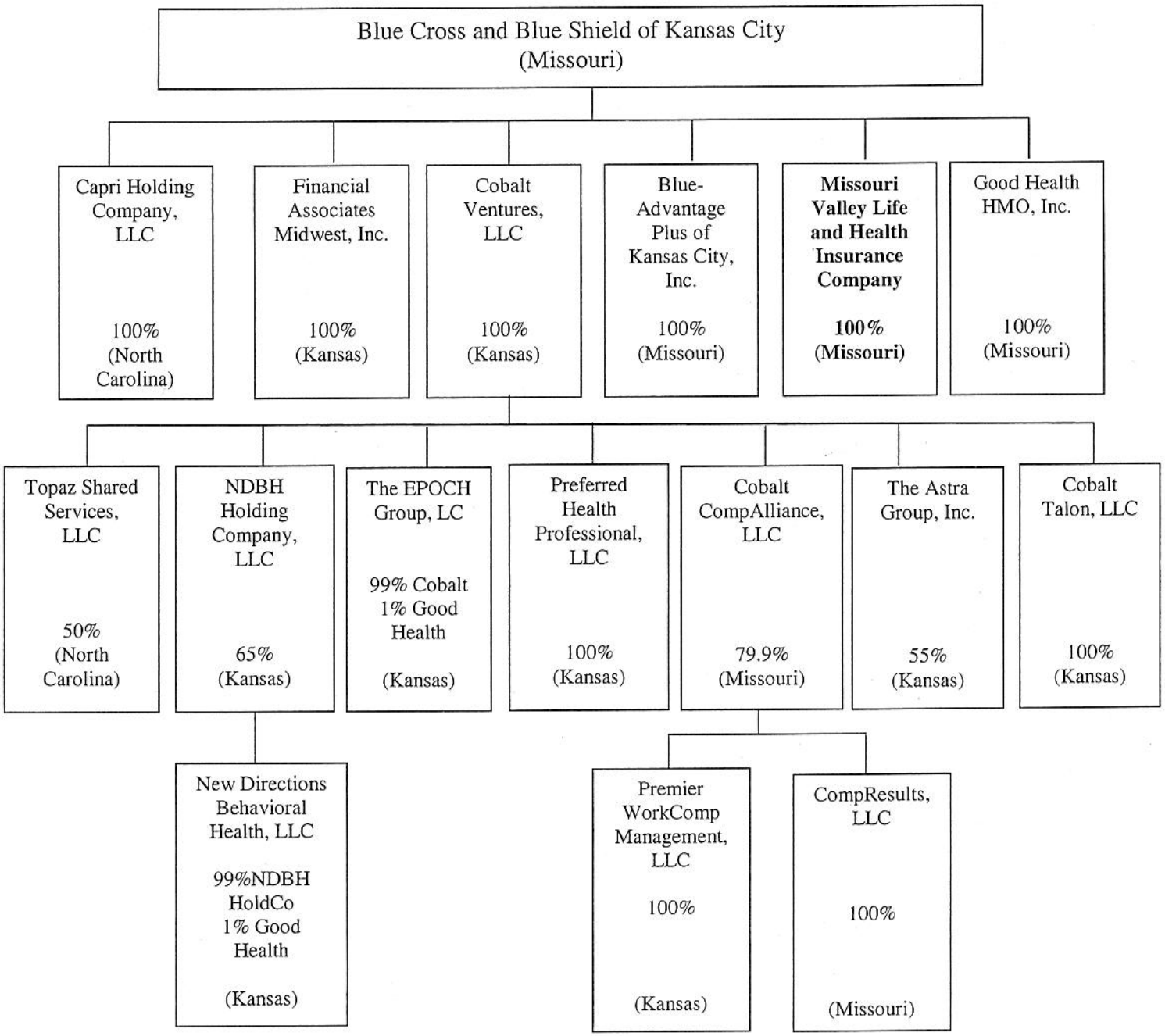
- Cobalt CompAlliance, LLC (CompAlliance) is a holding company for Premier WorkComp Management, LLC and CompResults, LLC. BCBSKC owns 79.9% interest in CompAlliance.

- Premier WorkComp Management, LLC (PWC) is a PPO network used exclusively for the treatment of work-related injuries and illnesses. BCBSKC owns 100% interest in PWC.

- CompResults, LLC (CompResults) is a PPO network used exclusively to bring workers' compensation cost containment solutions to employers and payers. BCBSKC owns 100% interest in CompResults.

Organizational Chart

The following organizational chart depicts Missouri Valley's ownership and holding company system, as of December 31, 2012:



Intercompany Transactions

The Company's intercompany agreements in effect, as of December 31, 2012, are outlined below.

1. **Type:** Agreement for the Sharing of Federal Income Taxes and Filing of a Consolidated Tax Return
   Affiliates: BCBSKC, Good Health, BA+, Capri, and FAM.
   Effective: March 19, 2012
   Terms: BCBSKC will file a consolidated federal tax return for itself and its subsidiaries. The tax liability for each subsidiary shall be based upon each subsidiary's taxable income or loss as reflected in the consolidated financial statements. Each subsidiary will pay its federal income taxes to BCBSKC. BCBSKC will collect and remit any tax refunds to the subsidiaries.

   This agreement replaced an agreement effective January 3, 2008. The only difference between the two is the addition of Capri and FAM.

2. **Type:** Administrative Services Agreement
   Affiliate: BCBSKC
   Effective: August 1, 2006
   Terms: BCBSKC agrees to provide the following administrative services: accounting, budgeting, personnel, payroll, office space, utilities, maintenance, claims processing, purchasing, legal, actuarial, underwriting, cash management, investment, marketing, data processing, and other services. Missouri Valley will pay BCBSKC the actual expenses incurred for the services provided.

3. **Type:** Agreement for the Management of Intercompany Payables and Receivables
   Affiliates: BCBSKC, Good Health and BA+.
   Effective: August 1, 2006, restated effective March 1, 2009.
   Terms: BCBSKC shall pay the payables and collect the receivables for its subsidiaries. Separate accounting records will be maintained for the transactions for each subsidiary. Transfers of funds to or from the subsidiaries will be made to minimize uninvested cash balances and to minimize the receivable or payable balance with each subsidiary. BCBSKC shall settle all intercompany payable and receivables within ninety days following receipt by BCBSKC.

   BCBSKC shall pool and retain the consolidated funds resulting from these transactions and invest the pooled funds. BCBSKC shall pay interest or receive interest each month from the subsidiaries based on the intercompany balance of each subsidiary. The interest rate shall be the applicable federal rate determined by the most recently published Internal Revenue Service Revenue Ruling.

   The agreement was restated to remove the specific exclusion for the Missouri Valley direct enrollment PPO, to change the duration of the agreement to extend to December 31, 2009 with automatic renewals for subsequent one year terms, and include a specific exclusion for Missouri Medicaid payments that are directly deposited into the BA+ bank account.

4. **Type:** Ancillary Provider Agreement
   Affiliates: BCBSKC, NDBH, Good Health and BA+
   Effective: January 1, 2006, amended June 1, 2006, amended effective October 1, 2007 and amended June 1, 2008
   Terms: NDBH agrees to manage and/or arrange for the provision of behavioral health and substance abuse services for BCBSKC's members and the members of BCBSKC's subsidiaries. NDBH will provide for the credentialing reviews of the providers. BCBSKC will pay NDBH a capitation payment each month that is determined by the per member per month rates specified in the agreement. The rates vary between products sold by BCBSKC and its subsidiaries.

   The June 1, 2008 amendment requires NDBH to provide employee assistance program services to small group accounts, as identified by BCBSKC on a monthly basis, under similar terms and conditions as the large group accounts included in the Agreement.

   The October 1, 2007 amendment, changes fees relating to employee assistance program services. Additionally, the amendment includes a provision to renegotiate rates to ensure that the affiliated insurers have the most favorable HMO or PPO rates of those charged to other customers of NDBH for the same or similar services.

   The June 1, 2006 amendment, removes claims processing services, revises the rates, and adds a risk sharing arrangement for certain HMO products.

5. **Type:** Guarantor Agreement
   Affiliate: BCBSKC
   Effective: March 1, 1991
   Terms: BCBSKC agrees to provide any contributions to the capital and surplus of Missouri Valley necessary to maintain capitalization of $1,500,000.

6. **Type:** Professional Services Agreement
   Affiliates: BCBSKC, Good Health, BA+ and Cobalt Talon
   Effective: June 1, 2012
   Terms: Under the terms of the Agreement, Cobalt Talon will provide contract labor services as set forth for each service specified in a Statement of Work.

7. **Type:** Service Agreement
   Affiliates: BCBSKC, Good Health and BA+
   Effective: March 1, 2010
   Terms: Under the terms of the Agreement, BCBSKC shall be responsible for receiving, processing, and adjudicating claims for NDBH for HMO members in accordance with Exhibit Two of NDBH's Ancillary Provider Agreement per agreement #4 above.

Intercompany Receipts and Payments

The following table summarizes the net (receipts) and payments made during the examination period, between Missouri Valley and its affiliates pursuant to the agreements summarized above:

	2012	2011	2010	2009	2008
Agreement of Share of Federal Income Taxes					
Paid (Received) to/from BCBSKC	$461,220	$545,261	$500,931	$550,755	$388,276
Administrative Services Agreement					
Paid to BCBSKC	33,834	50,559	23,931	22,907	33,954
Management of Intercompany Payables/Receivables					
Paid (Received) to/from BCBSKC	(58)	(137)	(239)	131	(177)
Net amount paid or (received)	**$494,996**	**$595,683**	**$524,623**	**$573,793**	**$422,053**

FIDELITY BOND AND OTHER INSURANCE COVERAGES

As of December 31, 2012, Missouri Valley Life and Health Insurance Company is a named insured, along with its parent, Blue Cross and Blue Shield of Kansas City, and other identified subsidiaries, on a standard financial institution bond providing fidelity coverage with a liability limit of $10,000,000 and a single loss deductible of $150,000. This level of coverage is sufficient to meet the suggested minimum amount of fidelity insurance coverage according to NAIC guidelines.

The Company is also a named insured on the following insurance policies: Commercial Property, Commercial General Liability, Business Auto, Commercial Umbrella Liability, Excess Liability, Financial Institution Electronic and Computer Crime, Fiduciary Liability, Worker's Compensation, Directors' and Officers' and Errors and Omissions.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

Missouri Valley does not have any direct employees. All of the operational and administrative functions of Missouri Valley are performed by the employees of the ultimate parent, BCBSKC. The Company is allocated a percentage of the benefit costs for BCBSKC employees, pursuant to an Administrative Service Agreement.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operation

Missouri Valley is licensed by the DIFP under Chapter 376 RSMo (Life, Health and Accident Insurance). The Company is also a licensed insurer in the State of Kansas. However, the Company has not written premiums in Kansas since 1999. As of December 31, 2012, total number of policyholders was approximately 43,000.

The Company was originally established primarily to write individual and group health insurance business outside of the service territory of its parent, BCBSKC. Since 1996, Missouri Valley has not written any new health business and since 2007, Missouri Valley has completely exited the health insurance market. Management has indicated there are no future plans to write new health insurance business.

The Company markets a death benefit term life policy with a face value of $10,000 as a sub-product to BCBSKC and an affiliate's individual health insurance product. Individuals under the age of 65 are eligible for the policy. Once an individual reaches the age of 65, the policy is no longer offered.

GROWTH OF THE COMPANY AND LOSS EXPERIENCE

Growth of the Company

The Company reported positive operating results, with net gains from operations and net income resulting in annual increases to total admitted assets and surplus in each year under examination. Premium income is based on the number of individual health contracts written by its parent, BCBSKC. Total revenues increased significantly in 2010 due to increase in death benefit per policy face amount from $5,000 to $10,000. The Company's surplus increased $3,158,043 or 31.1% since December 31, 2008.

The table below summarizes the Company's growth in total admitted assets, total liabilities, total capital and surplus, total revenues, net gains from operations, and net income for the period under examination:

	2012	2011	2010	2009	2008
Total Admitted Assets	$14,633,078	$13,719,613	$12,671,220	$11,716,463	$11,116,753
Total Liabilities	708,212	653,512	457,503	294,661	349,930
Total Surplus	13,324,866	12,466,101	11,613,717	10,821,802	10,166,823
Total Revenues	1,648,590	1,711,565	1,809,110	1,285,828	1,379,265
Net Gain from Operations	1,185,835	1,291,369	1,302,432	1,061,199	1,199,588
Net Income	867,785	858,232	884,749	640,462	813,835

Loss Experience

The Company's benefit to premium ratio increased significantly during the examination period. In 2010, the premium rate increase associated with the change to the death benefits offered resulted in a significant increase in premium revenues and benefits.

The table below summarizes the Company's total premium revenues, total benefit expenses, and premium to benefit ratio for the period under examination:

Year	Premium Revenues	Total Benefits	Benefit to Premium Ratio
2012	$1,294,992	$462,755	35.7%
2011	1,327,977	420,196	31.6%
2010	1,375,220	506,678	36.8%
2009	843,756	224,629	26.6%
2008	901,431	179,677	19.9%

REINSURANCE

Missouri Valley does not participate in reinsurance in its normal course of business. During the period under examination, the Company did not assume or cede any reinsurance.

ACCOUNTS AND RECORDS

Policy management, claims management, and producer management utilize Facets from TriZetto, a Sybase application. Financial reporting and reinsurance management utilize the PeopleSoft software application, a Microsoft SQL-based application. Investment and fund management are handled through SunGard iWorks, which is a web-based Microsoft SQL application that is updated by SunGard.

The Company's financial statements for all years in the examination period were audited by the Certified Public Accounting firm of Ernst & Young, LLP of Kansas City, Missouri. The actuarial opinion regarding the Company's loss reserves, actuarial liabilities, and related items for all years in the examination period was issued by Bryan F. Miller, FSA, MAAA, of BCBSKC of Kansas City, Missouri.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the DIFP as of December 31, 2012, as reflected below, were sufficient to meet the capital deposit requirements for the State of Missouri in accordance with RSMo Section 376.290 (Deposit and transfer of securities). The Company's required deposit was $600,000. The funds on deposit were as follows:

Description	Par Value	Fair Value	Book/Adjusted Carrying Value
Missouri State Bonds	$ 600,000	$ 668,802	$ 655,963

Deposits with Other States

The Company does not have any funds on deposit with other states.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of Missouri Valley Life and Health Insurance Company for the period ending December 31, 2012. 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	$ 13,897,715	$ -	$ 13,897,715
Cash, Cash Equivalents and Short-term Investments	590,203	-	590,203
Investment Income Due and Accrued	57,665	-	57,665
Net Deferred Tax Asset	73,805	73,805	-
Receivable from Parent, Subsidiaries and Affiliates	87,495	-	87,495
Other Assets Non-Admitted	3,079	3,079	-
TOTAL ASSETS	**$ 14,709,962**	**$ 76,884**	**$14,633,078**

Liabilities, Surplus and Other Funds

Aggregate Reserve for Life Contracts		$ 9,467
Contract Claims:		
Life		129,657
Interest Maintenance Reserve		472,813
General Expenses Due or Accrued		9,700
Taxes, Licenses and Fees Due or Accrued		6,000
Current Federal and Foreign Income Taxes		65,133
Miscellaneous Liabilities:		
Asset Valuation Reserve		15,442
TOTAL LIABILITIES	$	708,212
Common Capital Stock		600,000
Gross Paid In and Contributed Surplus		5,226,100
Unassigned Funds (Surplus)		8,598,766
Less Treasury Stock		(500,000)
TOTAL SURPLUS	$	13,924,866
TOTAL LIABILITIES AND SURPLUS	**$**	**14,633,078**

Statement of Income

Premiums & Annuity Considerations for Life & Accident & Health Contracts	1,294,992
Net Investment Income	253,226
Amortization of Interest Maintenance Reserve	100,288
Intercompany Interest	84
Total	$1,648,590
Death Benefits	428,794
Increase in Aggregate Reserves for Life & Accident & Health Contracts	507
General Insurance Expenses	5,859
Insurance Taxes, Licenses and Fees, Excluding Federal Income Taxes	27,595
Totals	462,755
Net Gain from Operations Before Dividends and Taxes	$ 1,185,835
Federal and Foreign Income Taxes Incurred	318,050
NET INCOME	**$ 867,785**

Capital and Surplus Account

Capital and Surplus, December 31, 2011	$ 13,066,101
Net Income	867,785
Change in Net Unrealized Capital Gains and (Losses)	1,209
Change in Net Deferred Income Tax	2,455
Change in Non-Admitted Assets	(4,040)
Change in Asset Valuation Reserve	(8,644)
Net Change in Capital and Surplus	$ 858,765
Capital and Surplus at December 31, 2012	**$ 13,924,866**

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None

COMMENTS ON FINANCIAL STATEMENT ITEMS

None

SUMMARY OF RECOMMENDATIONS

None

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Missouri Valley Life and Health Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Leslie Nehring, CPA, CFE; Scott Rennick, CFE; Steve Koonse, CFE; Sara McNeely; Emily Turek; and Laura Church examiners for the DIFP, participated in this examination. Kimberly Dobbs, CFE, Information System Examiner for the DIFP performed a review of the information system environment.

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 Missouri Valley Life and Health 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 5th day of ~~October~~ November, 2013.

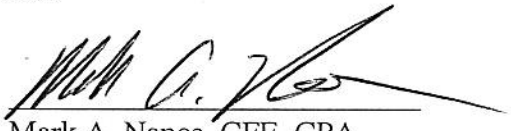
My commission expires: Nov. 18, 2014

Karen S. Rohrer
Notary Public

KAREN S. ROHRER
Notary Public - Notary Seal
STATE OF MISSOURI
County of Boone
My Commission Expires 11/18/2014
Commission # 10452155

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