STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

RE: Examination Report of Old American Insurance Company for the period ended December 31, 2014

ORDER

After full consideration and review of the report of the financial examination of Old American Insurance Company for the period ended December 31, 2014, 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, management and control, territory and plan of operation, reinsurance, financial statements, financial statement changes resulting from the examination, comments on financial statement items, and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of Old American Insurance Company as of December 31, 2014 be and is hereby ADOPTED as filed and for Old American 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) 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 2nd day of June 2016.

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

REPORT OF THE

FINANCIAL EXAMINATION OF

OLD AMERICAN INSURANCE COMPANY

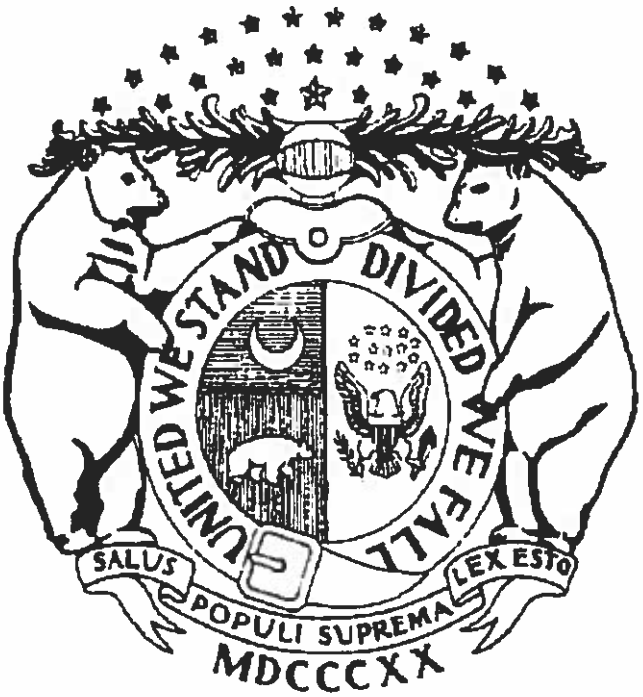
AS OF

DECEMBER 31, 2014

FILED

JUN 13 2016

DIRECTOR OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGISTRATION



STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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Kansas City, Missouri
March 24, 2016

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

Director Huff:

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

Old American Insurance Company

hereinafter referred to as such, as Old American, or as the Company. Its administrative office is located at 3520 Broadway, Kansas City, Missouri 64111, telephone number (816) 753-7000. This examination began on June 24, 2015 and was completed on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) performed our multi-state examination of Old American. The last examination covered the period of January 1, 2006 through December 31, 2009. This examination covers the period of January 1, 2010 through December 31, 2014.

This examination was performed concurrently with the examination of the Company's parent, Kansas City Life Insurance Company (Kansas City Life) and an affiliate, Sunset Life Insurance Company of America (Sunset Life), collectively referred to as the Kansas City Life Insurance Companies or the Companies.

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, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An

examination also includes identifying and evaluating significant risks that could cause the Company's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of this examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes findings of facts and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

Reliance Upon Others

The examination relied upon information provided by the Company and its management. Where deemed appropriate, this information has been tested or verified with external sources. The examination also relied upon information supplied by the Company's independent auditor, KPMG, LLP of Kansas City, Missouri for its audit covering the period from January 1, 2014 through December 31, 2014.

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

On December 15, 2015, shareholders of Kansas City Life Insurance Company voted to approve a reverse/forward stock split transaction. The transaction did not result in a change in control but reduced the number of holders of record for the Company's stock, and permitted the Company to terminate its registration under the Securities Exchange Act of 1934 and suspend its periodic reporting requirements with the Securities and Exchange Commission. The reverse stock split was effective at 6:00 p.m. Central Time on December 16, 2015, and the forward stock split was effective at 6:01 p.m. Central Time on December 16, 2015. Kansas City Life is no longer traded on the NASDAQ exchange and now trades on OTCQX U.S. Premier, which is operated by OTC Markets Group, a centralized electronic quotation service for over-the-counter securities.

COMPANY HISTORY

General

Old American Insurance Company was founded by members of Thomas McGee & Sons, a Kansas City based insurance agency. The Company was incorporated on December 11, 1939 and commenced business on December 30, 1939 under the laws of the State of Missouri. The Company currently operates as a stock life insurance company, in accordance with the provisions of Chapter 376, Revised Statutes of Missouri (RSMo) (Life, Health and Accident Insurance).

On November 25, 1986, the Company was purchased by C.S.B.I. Corp., an indirect wholly owned subsidiary of CenTrust Savings Bank, which was a Florida state chartered savings and loan association.

In November 1991, Kansas City Life purchased 100% of the stock of Old American and its subsidiaries, Missouri American Insurance Company and Old American Service Corporation. Subsequently, Missouri American Insurance Company was merged into Old American and Old American Service Corporation was dissolved in December 1992.

Dividends

Cash dividends declared and paid to the sole shareholder, Kansas City Life, during the period under examination were as follows: 2010 - $795,000, 2011 - $0, 2012 - $0, 2013 - $1,000,000 and 2014 - $2,000,000.

Capital Contribution

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

Mergers and Acquisitions

The Company was not the subject of an acquisition or merger during the period under examination.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors that is elected by the sole shareholder, Kansas City Life Insurance Company. The Company's Bylaws specify that the number of directors shall be nine (9), however, the Bylaws also allow the Board of Directors to change the number of Directors not to exceed twenty-one (21). On July 19, 2001, the Board of Directors passed a resolution stipulating the number of Board of Directors to be ten (10) members. Presented below is the Board of Directors elected and serving as of December 31, 2014:

Name	Address	Principal Occupation and Business Affiliation
R. Phillip Bixby	Kansas City, Missouri	Chairman of the Board, President & CEO Kansas City Life
Walter E. Bixby	Kansas City, Missouri	Executive Vice President and Vice Chairman, Kansas City Life
James P. Bixby	Kansas City, Missouri	Assistant Vice President, Old American
Timothy J. Langland	Kansas City, Missouri	Vice President, Associate General Counsel and Secretary, Old American
Nancy Bixby Hudson	Lander, Wyoming	Director, Sunset Life and Old American
Tracy W. Knapp	Overland Park, Kansas	Senior Vice President, Finance, Kansas City Life
Mark A. Milton	Kansas City, Missouri	Senior Vice President and Actuary, Kansas City Life
Holly A. Ropp	Kansas City, Missouri	Assistant Vice President, Old American
Stephen E. Ropp	Kansas City, Missouri	Senior Vice President, Kansas City Life
Benton T. Summers	Lenexa, Kansas	Vice President of Sales, Old American

Committees

The Company's Bylaws authorize an Executive Committee, an Investment Committee, a Nominating and Compensation Committee, and any other committees that may be needed. By way of a Board resolution, the Investment Committee and the Audit Committee of Kansas City Life performs the investment and audit committee functions for Old American. The established committees and the members elected and serving as of December 31, 2014 were as follows:

Executive Committee
R. Philip Bixby, Chairman
Walter E. Bixby
Timothy J. Langland
Tracy W. Knapp

Nomination and Compensation Committee
R. Philip Bixby, Chairman
Walter E. Bixby
Timothy J. Langland
Tracy W. Knapp

Retirement Committee
Walter E. Bixby, Chairman
Timothy J. Langland

Investment Committee
R. Philip Bixby, Chairman
Walter E. Bixby
Donald E. Krebs
Tracy W. Knapp
A. Craig Mason, Jr.
Mark A. Milton
Stephen E. Ropp

Officers

The officers elected and serving as of December 31, 2014 were as follows:

R. Philip Bixby	Chairman of the Board
Walter E. Bixby	President
Timothy J. Langland	Vice President, Secretary and Associate General Counsel
David A. Laird	Vice President and Controller
Tracy W. Knapp	Chief Financial Officer
Benton T. Summers	Vice President, Sales

Corporate Records

The Company's Articles of Incorporation and Bylaws were reviewed for the period under examination. The Articles of Incorporation and Bylaws were not amended during the examination period.

The minutes of the Board of Directors' meetings, committee meetings, and stockholder's 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.

Holding Company, Subsidiaries and Affiliates

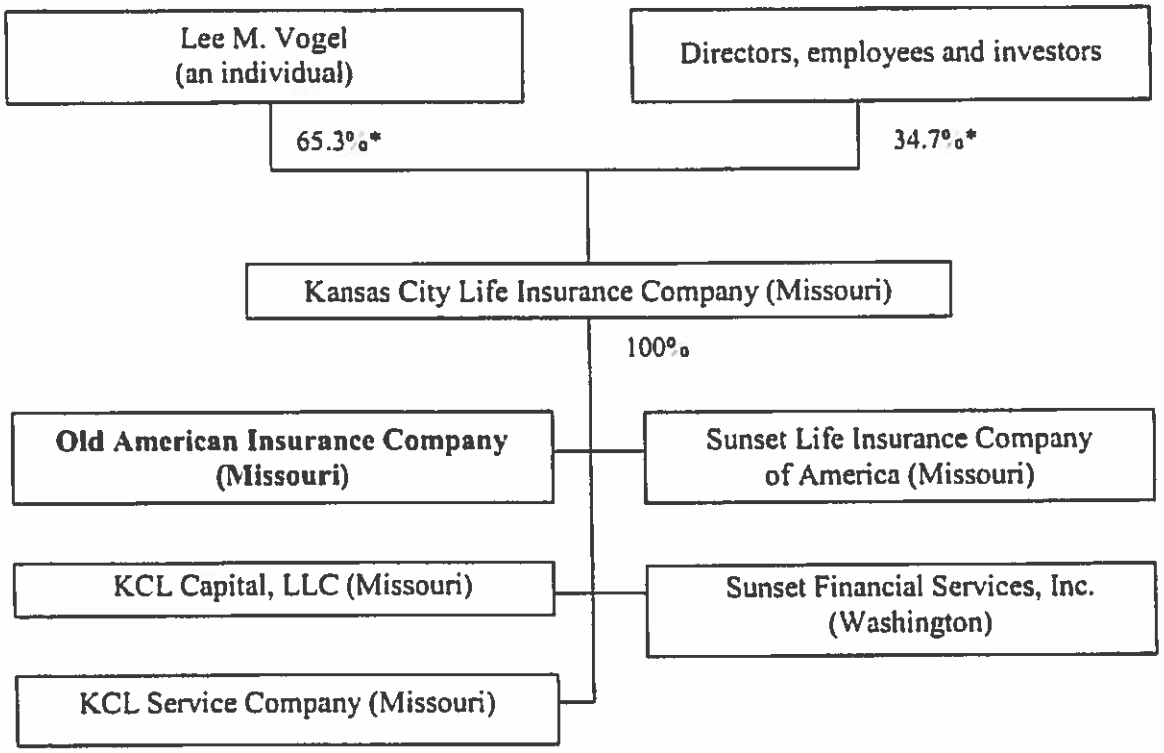
Old American is a member of an Insurance Holding Company System as defined by Section 382.010, RSMo (Definitions). An Insurance Holding Company System Registration Statement was filed by the parent, Kansas City Life, for each year of the examination period on behalf of itself and its subsidiaries, including Old American. The Company is a wholly owned subsidiary of Kansas City Life. Lee M. Vogel, an individual, is the ultimate controlling person within the holding company system of Kansas City Life.

As of December 31, 2014, shares in Kansas City Life were publicly traded on the NASDAQ stock exchange. On December 16, 2015, Kansas City Life amended its Articles of Incorporation creating stock split transactions allowing for a delisting of its shares from the NASDAQ exchange as of January 4, 2016. The Company's shares are now publicly traded on OTCQX, an "Over the Counter" exchange. The transactions leading to the stock delisting are further detailed in the Subsequent Events section of this Report.

Kansas City Life is a life and health insurer organized as a Missouri corporation. The holding company system includes another life and health insurer, Sunset Life Insurance Company of America and, as of December 31, 2014, three other affiliates that are related in part or entirely to the insurance operations. Sunset Financial Services, Inc., a Washington corporation, markets all of Kansas City Life's variable products and performs investment services for policyholders. The other subsidiaries are currently inactive or do not have any significant operations.

Organizational Chart

The following organizational chart depicts Old American's ownership and holding company structure as of December 31, 2014:



*Due to the Company's reverse and forward stock splits on December 16, 2015, the ownership percentages have subsequently changed to 73.1% for Mr. Vogel and 26.9% for Directors, employees and investors.

Intercompany Agreements

The Company is a party to the intercompany agreements outlined below.

1. **Type:** Tax Allocation Agreement
   Parties: Kansas City Life, Old American, Sunset Life and the wholly owned non-life insurance companies.
   Effective: December 31, 2008
   Terms: A consolidated federal income tax return is filed each year. The portion of the consolidated tax liability that is allocated to each company is based upon the subsidiary's tax liability on a stand-alone basis.

2. **Type:** Cost Sharing Agreement
   Parties: Kansas City Life and Old American
   Effective: October 1, 2008
   Terms: Each party is to pay the cost of any services identified as being incurred for the sole benefit of that party. Services to be shared shall include, but are not limited to: financial, including cash management and investments, executive officer services, actuarial, billing, collection, payment of premium fees and other amounts, accounting including preparation of financial statements and other accounting documents and reports, information system, administrative services, claims, customer service, legal services and regulatory and compliance services.

3. **Type:** Loan Guaranty
   Parties: Kansas City Life and Old American
   Effective: May 31, 2009
   Terms: Kansas City Life has guaranteed the indebtedness of Old American on borrowings under a Commerce Bank $20,000,000 Line of Credit.

4. **Type:** Guaranty
   Parties: Kansas City Life and Old American
   Effective: Various dates
   Terms: Kansas City Life has guaranteed to several states that the capital and surplus of Old American will not fall below the stated minimum.

5. **Type:** Inter-Company Retained Asset Program for Benefit Payments
   Parties: Kansas City Life, Old American and Sunset Life
   Effective: January 1, 2006
   Terms: Certain benefit payments for all parties will be paid through a Kansas City Life corporate account maintained with State Street Bank and BISYS (State Street). Through Kansas City Life's contract with State Street, retained asset checking accounts are established for beneficiaries of death claims and cash surrenders in excess of $10,000 for each of the parties to this agreement. Accounts are identified for each company based on branch codes built into the beneficiary's checking account number. When beneficiaries submit checks for payment they are paid from the State Street account. The amounts paid out to the beneficiaries are tracked through the account numbers and shown on each individual company's account as each company funds the account for their respective disbursement liabilities. In addition, bank service fees will be paid by each party based on their proportional share of the fees. Fees identified by the respective branch code of the account as being incurred by one party will be paid by that party.

TERRITORY AND PLAN OF OPERATION

Old American Insurance Company is licensed by the Missouri Department of Insurance, Financial Institutions and Professional Registration under Chapter 376 RSMo (Life, Health and Accident Insurance). As of December 31, 2014, the Company was licensed to transact the business of insurance in 47 states and the District of Columbia.

Old American sells final expense insurance products, primarily to the senior market, as well as a term product targeted to younger individuals. These products are marketed nationwide through a general agency system with exclusive territories, using direct response marketing to supply agents with leads.

REINSURANCE

General

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

	2014	2013	2012	2011	2010
Direct Business	$73,514	$69,389	$74,163	$71,399	$69,425
Reinsurance Assumed:					
Affiliates	0	0	0	0	0
Non-affiliates	0	0	0	0	0
Reinsurance Ceded:					
Affiliates	0	0	0	0	0
Non-affiliates	(1,481)	(1,660)	(1,853)	(2,191)	(2,562)
Net Premiums	**$72,033**	**$67,729**	**$72,310**	**$69,208**	**$66,863**

Assumed

The Company did not assume any business during the period under examination.

Ceded

Old American is contingently liable for all reinsurance losses ceded or retroceded 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.

Effective December 1, 1989, Old American ceded, through a coinsurance agreement with Employers Reassurance Corporation, 100% of the risks associated with a closed block of whole life policies written from January 1, 1965 through November 30, 1986.

All other individual life policies in excess of Old American's retention of $100,000 subsequent to 1986 are reinsured on a yearly-renewable-term basis. All individual accidental death benefit risk above $5,000 is reinsured.

The Company's long-term care business is 100% coinsured with two equal participating reinsurers, Swiss Re America Corporation and UNUM Life Insurance Company of America.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the DIFP and present the financial condition of Old American Insurance Company for the period ending December 31, 2014. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

Assets

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	$ 175,695,658	$ 0	$175,695,658
Preferred Stocks	1,696,536	0	1,696,536
Common Stocks	314,200	0	314,200
Mortgage Loans on Real Estate	34,371,694	0	34,371,694
Cash, Cash Equivalents and Short-term Investments	3,509,778	0	3,509,778
Contract Loans	9,837,535	0	9,837,535
Other Invested Assets	478,320	290,300	188,020
Receivable for Securities	120,485	0	120,485
Investment Income Due and Accrued	2,072,092	0	2,072,092
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in Course of Collection	1,684,228	1,445,441	238,787
Deferred Premiums and Agents' Balances	14,851,743	0	14,851,743
Reinsurance:			
Amounts Recoverable from Reinsurers	593,751	0	593,751
Net Deferred Tax Assets	16,718,723	10,809,603	5,909,120
Guaranty Funds Receivable or on Deposit	260,471	0	260,471
Electronic Data Processing Equipment	2,844	0	2,844
Furniture and Equipment	24,563	24,563	0
Aggregate Write-ins for Other Assets:			
Other Assets	625,887	203,142	422,745
TOTAL ASSETS	**$262,858,508**	**$12,773,049**	**$250,085,459**

Liabilities, Surplus and Other Funds

Aggregate Reserve for Life Contracts	$ 206,988,828
Aggregate Reserve for Accident and Health Contracts	193,986
Liability for Deposit-type Contract	116,056
Contract Claims: Life	6,635,125
Contract Claims: Accident and Health	78,185
Advance Premium	126,075
Other Amounts Payable on Reinsurance	55,400
Interest Maintenance Reserve	696,352
Commissions to Agents Due or Accrued	820,639
General Expenses Due or Accrued	2,807,879
Taxes, Licenses and Fees	590,000
Unearned Investment Income	360,195
Current Federal Income Taxes	192,783
Amounts Withheld or Retained by Company	4,350,288
Remittances and Items not Allocated	480,029
Asset Valuation Reserve	1,500,000
Payable to Parent, Subsidiaries and Affiliates	203,136
Aggregate Write-ins for Liabilities	1,064,738
TOTAL LIABILITIES	**$ 227,259,694**
Common Capital Stock	3,036,850
Preferred Capital Stock	963,150
Gross paid in and Contributed Surplus	93,920
Unassigned Funds (Surplus)	18,966,715
Less: Common Capital Stock in Treasury	(133,446)
Less: Preferred Capital Stock in Treasury	(101,420)
TOTAL SURPLUS	18,825,769
TOTAL CAPITAL AND SURPLUS	22,825,769
TOTAL LIABILITIES AND SURPLUS	**$ 250,085,463**

Statement of Income

Premiums and Annuity Considerations	$ 72,033,483
Considerations for Supplementary Contracts	15,870
Net Investment Income	11,073,131
Amortization of Interest Maintenance Reserve	124,039
Commissions and Expense Allowance on Reinsurance Ceded	564,973
Aggregate Write-ins for Miscellaneous Income	2,981
TOTAL	$ 83,814,477
Death Benefits	40,323,171
Matured Endowments	186,283
Disability Benefits and Benefits Under Accident and Health Contracts	(10,274)
Surrender Benefits and Withdrawals for Life Contracts	5,122,735
Interest and Adjustments on Contracts for Deposit-type Funds	82,568
Payments on Supplementary Contracts with Life Contingencies	6,902
Increase in Aggregate Reserves for Life and Accident and Health	1,310,062
Commissions on Premiums,	20,312,824
General Insurance Expenses	14,227,842
Insurance Taxes, Licenses and Fees	1,900,943
Increase in Loading on Deferred and Uncollected Premiums	(2,904,912)
Aggregate Write-ins for Deductions	(520)
TOTAL	$ 80,557,624
Net Gain Before Dividends to Policyholders and Federal Income Taxes	3,256,853
Federal and Foreign Income Taxes Incurred	1,647,322
Net Realized Capital Loss	(567,513)
Net Income	**$ 1,042,018**

Capital and Surplus Account

Capital and Surplus, December 31, 2013	$ 21,980,667
Net Income	1,042,018
Change in Net Deferred Income Tax	755,791
Change in Nonadmitted Assets	647,507
Change in Reserve on Account of Charge in Valuation Basis	(218)
Change in Asset Valuation Reserve	400,000
Dividends to Stockholders	(2,000,000)
Net Change in Capital and Surplus	845,098
Capital and Surplus at December 31, 2014	**$ 22,825,765**

FINANCIAL STATEMENT CHANGES RESULTING FROM THE 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 Old American Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Vicki L. Denton, CFE, Karen Baldree, CPA, CFE, Laura L. Church, CPA, CFE, Emily Pennington, AFE, and Stephen Shahlari,CPA, examiners for the Missouri DIFP also participated in this examination. Kimberly Dobbs, CFE, AES, Information System Examiner for the DIFP, performed a review of the information system environment. The actuarial firm of Miller & Newberg, Consulting Actuaries, of Overland Park, Kansas also participated as consulting actuaries.

VERIFICATION

State of Missouri)
)
County of)

I, Levi N. Nwasoria, 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 Old American 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 DIFP

Sworn to and subscribed before me this 30th day of March, 2016.

My commission expires: 01/07/2018

Notary Public

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

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

SUPERVISION

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

Mark A. Nance, CPA, CFE
Audit Manager
Missouri DIFP