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BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

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IN THE MATTER OF

THE REVISED REPORT OF EXAMINATION OF
SECRETARY OF THE STATE
STATE OF ARKANSAS NATIONAL LIFE INSURANCE CO.

AID NO. 2005 - 061

BY _____

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ADOPTION ORDER

Now on this day the matter of the Revised Report of Examination ("Report" or "Report of Examination") as of December 31, 2004, of, Arkansas National Life Insurance Company ("Arkansas National"), of Little Rock, Arkansas, NAIC No. 72656, is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by Associate Counsel, Ragenea T. Hodge, and the Finance Division of the Arkansas Insurance Department ("Department"). From the facts, matters and other things before her, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. The Company is an Arkansas-domiciled stock legal reserve insurance company.
3. Pursuant to Ark. Code Ann. §§ 23-61-201 et seq., the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records and assets of the Company as of December 31, 2004.

4. Said examination was commenced by the Department at the Company's headquarters located at the Forethought Center, Batesville, Indiana, on August 8, 2005, and completed on August 12, 2005.

5. The verified Report of Examination was filed with the Department on September 19, 2005; it was then forwarded to the Company via certified mail on the same day. The Company received the Report on September 23, 2005, according to an electronic communication sent by the Company and also the certified mail return receipt - both received by the Department on October 4, 2005.

5. The verified Report of Examination contained no discrepancies or deficiencies noted or found by the Department's Examiners concerning the Company's operations; other Examiner findings or notations were as follows:

a) Regarding the history and management and control of the Company, the Examiners noted that on July 1, 2004, American Industries Family Life Insurance Company ("AIFLIC") acquired 100% of the Company's parent, Forethought Life Insurance Company; AIFLIC is owned by Forethought Financial Services, Inc., which was formerly owned by Hillenbrand Industries. Hillenbrand Industries sold Forethought Financial Services, Inc. to FFS Holdings, Inc. on July 1, 2004. All the necessary approvals from the various regulators were obtained, i.e., Department Order No. 2004-037.

b) As a subsequent event, the Department's Examiners noted that in August 2005 the Company notified the Department of its plan to merge with and into its parent, Forethought Life Insurance Company, by December 31, 2005.

6. The Company submitted a response on September 29, 2005, to the verified Report of the Examination, which was received by the Department on October 4, 2005.

7. According to the Company, the verified Report contained certain discrepancies. The Company provided the following suggestions or additional information related to the sections of the Report, as noted below:

a) Officers & Directors: The verified Report incorrectly listed Ronald J. Marek as Vice President of the Company, and other Officers were not included. Therefore, as of December 31, 2004, the officers and directors were ~

Stephen R. Lang	President
Charles A. Russell	Vice President & Chief Financial Officer
David K. Mullen	Secretary
Ronald J. Marek	Treasurer
John B. Yanko	Actuary
Mark A. Willoughby	Assistant Secretary

b) Affiliated Company Relationship: In this section of the verified Report, Department Examiners noted that, following the acquisition by FFS Holdings, Inc. in July 2004, former owner Hillenbrand Industries retained an ownership interest in FFS Holdings, Inc. through an \$80+ million seller note and other assets. The amount of the seller note should be \$107.7 million, according to the Company.

c) Subsequent Event: Though the Company had previously informed the Department of its intention to merge with its parent, Forethought Life Insurance Company by December 31, 2005, plans for the merger have been delayed and no new date has been selected for the proposed transaction.

THEREFORE, pursuant to the provisions of Ark. Code Ann. §23-61-205, the Commissioner hereby orders:

1. That following receipt and consideration of the Company's response, the Department revised the Report in the following manner:

a) Amended the "Management and Control" section of the Report to reflect the proper Company officers and directors as of December 31, 2004;

b) Amended the "Affiliated Company Relationship" section of the Report to state the amount of the seller note retained by Hillenbrand Industries in FFS Holdings, Inc. as \$107.7 million; and

c) Deleted the "Subsequent Event" section of the report since there are no current plans of the Company to merge with its parent company.

2. That the Revised Examination Report, as filed with the Department, is hereby adopted.

3. That the Department shall forward a copy of this Order and the adopted Revised Examination Report, as filed, to the Company, certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Directors to use in acknowledgement of receipt of the adopted Revised Report of Examination and this Order.

4. That within twenty (20) days of receipt of this Order and the adopted Revised Examination Report, the Company shall file with the Department affidavits executed by each one of its Directors, stating under oath or affirmation that each has received a copy of this Order and the adopted Revised Examination Report;
5. That the adopted Revised Examination Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Order.
6. That the Department, as a matter of course, reserves the right to consider administrative proceedings against the Company at a later date.

IT IS SO ORDERED this 2nd day of November 2005.


JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS