

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF ARKANSAS**

**IN THE MATTER OF EXAMINATION OF
SOUTHERN FIDELITY LIFE INSURANCE
COMPANY**

AID NO. 2006- 035

ORDER

Now on this day the matter of the Report of Examination of SOUTHERN FIDELITY LIFE INSURANCE COMPANY, NAIC #84077, (hereafter, the "Company") is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas, (the "Commissioner"), with the Arkansas Insurance Department (the "Department") appearing by and through Booth Rand, Associate Counsel. From the facts before her, the Commissioner finds as follows:

1. The Company is licensed by the Department as a stipulated premium insurer authorized in this State to transact the business of life and disability insurance.
2. Pursuant to Ark. Code Ann. §23-61-201, the Commissioner directed the Department to conduct a regular examination of the affairs, transactions, accounts, and assets of the Company as of December 31, 2005.
3. The examination began on April 17, 2006, and was completed on or about May 15, 2006. A verified report of examination (the "Report") was filed at the Department on June 8, 2006, and was mailed to the company on June 8, 2006. The company received the Report on June 10, 2006, and the Company did not submit a written reply or rebuttal in response to the Report.

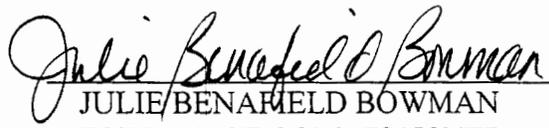
4. The Report contained only one discrepancy concerning the Company's operations.

A. The Company does not maintain insurance coverage to protect against assets lost due to dishonest acts of employees. Although this coverage is not statutorily required, the Department recommends that the Company insure all individuals with access to cash and investments with a fidelity bond in the minimum amount of \$15,000 as recommended by the National Association of Insurance Commissioners (NAIC).

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

1. That the Report filed with the Department is hereby adopted;
2. That the Department shall forward a copy of this Order and the adopted Examination Report to the Company via certified mail;
3. That within twenty (20) days of receipt of this Order and the adopted Examination Report, the Company shall file with the Department affidavits executed by each of its directors stating under oath that they have received a copy of this Order and the adopted Examination Report.
4. That the adopted Examination Report will be open for public inspection upon the expiration of thirty (30) days from the date of this Order.

IT IS SO ORDERED this 25th day of July, 2006.


JULIE BENAFELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS