CERTIFICATION

June 21, 2013

I, Bruce R. Ramge, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the

Financial Examination Report of

United American Insurance Company

as of

December 31, 2011

The report is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

JUN 21 2013

FILED

GREAT SEAL OF THE STATE OF NEBRASKA
MARCH 1ST 1867

Bruce R. Ramge
DIRECTOR OF INSURANCE

STATE OF NEBRASKA

Department of Insurance

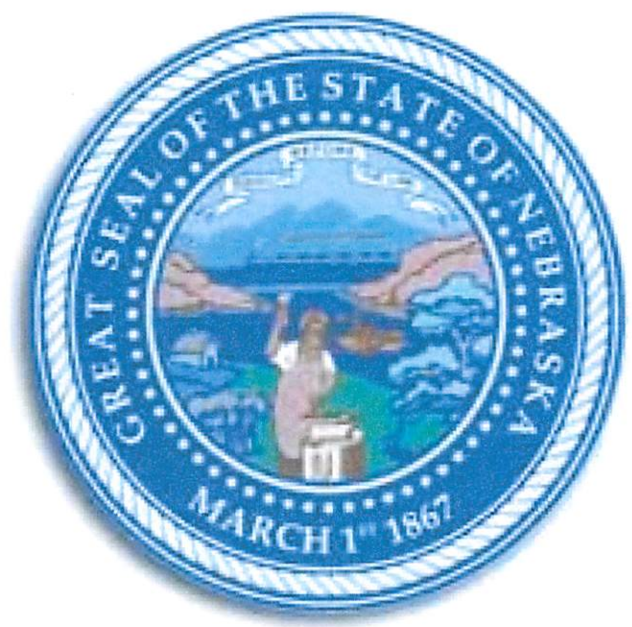
EXAMINATION REPORT

OF

UNITED AMERICAN INSURANCE COMPANY

as of

December 31, 2011



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McKinney, Texas
May 8, 2013

Honorable Joseph Torti, III
Chairman, Financial Condition (E) Committee, NAIC
Deputy Director and Superintendent of Insurance
Rhode Island Division of Insurance
1511 Pontiac Avenue, Bldg #69-2
Cranston, Rhode Island 02920

Honorable John M. Huff
Chair, Midwestern Zone, NAIC
Director of Insurance
Missouri Department of Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Honorable Bruce R. Ramge
Director of Insurance
Nebraska Department of Insurance
941 "O" Street, Suite 400
Lincoln, Nebraska 68508

Dear Sirs:

Pursuant to your instruction and authorizations, and in accordance with statutory requirements, an examination has been conducted of the financial condition and business affairs of:

UNITED AMERICAN INSURANCE COMPANY

with has its Statutory Home Office located at

10306 Regency Parkway Dr.
Omaha, NE 68114

with its Principal Executive Office located at

3700 S. Stonebridge Drive
McKinney, TX 75070

(hereinafter also referred to as the "Company") and the report of such examination is respectfully presented herein.

INTRODUCTION

The Company was last examined as of December 31, 2007 by the State of Nebraska. The current financial condition examination covers the intervening period to, and including, the close of business on December 31, 2011, and includes such subsequent events and transactions as were considered pertinent to this report. The State of Nebraska participated in this examination and assisted in the preparation of this report.

The same examination staff conducted concurrent financial condition examinations of the Company's affiliates, Globe Life and Accident Insurance Company and Liberty National Life Insurance Company.

SCOPE OF EXAMINATION

This examination was conducted pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statues. The Handbook requires that examiners plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including, but not limited to: corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination also includes 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, when applicable to domestic state regulations.

A general review was made of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption “Description of Company”. All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the shareholder, Board of Directors and committees, held during the examination period, were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, approval of investment transactions and authorizations of salaries were also noted.

The fidelity bond and other insurance coverages protecting the Company’s property and interests were reviewed, as were plans for employee welfare and pension. Certificates of Authority to conduct the business of insurance in the various states were inspected and a survey was made of the Company’s general plan of operation.

Data reflecting the Company's growth during the period under review, as developed from the Company's filed annual statements, is reflected in the financial section of this report under the caption "Body of Report".

The Company's reinsurance facilities were ascertained and noted, and have been commented upon in this report under the caption "Reinsurance". Accounting records and procedures were tested to the extent deemed necessary through the risk-focused examination process. The Company’s method of claims handling and procedures pertaining to the adjustment and payment of incurred losses were also noted.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared Deloitte & Touche, LLP, the Company’s external auditors, during their audit of the Company’s accounts for the years ended December 31, 2010 and 2011. Portions of the auditor’s workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

Any failure of items to add to the totals shown in schedules and exhibits appearing throughout this report is due to rounding.

DESCRIPTION OF COMPANY

HISTORY

The Company was organized in Texas as a limited capital, stock life, health and accident insurance company on June 13, 1947.

Torchmark Corporation (Torchmark), a Delaware corporation, formed NU Life Insurance Company of Delaware with an incorporation date of August 14, 1981, as a wholly owned subsidiary of another Torchmark subsidiary, Globe Life and Accident Insurance Company (Globe). NU Life Insurance Company was formed to facilitate the acquisition and redomestication of the Company from Texas to Delaware. On December 31, 1981, Globe purchased all of the outstanding common stock of the Company.

On February 28, 1982, the Company was merged into NU Life Insurance Company. The name of NU Life Insurance Company was then changed to United American Insurance Company, a Delaware company.

Torchmark acquired the Company as a direct subsidiary on August 31, 1993. This was accomplished by Globe receiving a $30,000,000 cash dividend from the Company. Globe then transferred all of the stock of the Company to Torchmark.

The Company re-domiciled from the state of Delaware to Nebraska on December 19, 2007.

MANAGEMENT AND CONTROL

Holding Company

The Company is a member of an insurance holding company system as defined by Nebraska Statute. The Company is a wholly owned subsidiary of Torchmark Corporation, a Delaware corporation. The following organization chart shows the affiliates in the holding company. Each corporation is 100 percent owned by its immediate parent.

- Torchmark Corporation
    - Liberty National Life Insurance Company
        - Brown-Service Funeral Homes Company, Inc.
        - Liberty National Auto Club, Inc.
    - Globe Life and Accident Insurance Company
        - American Income Life Insurance Company
            - National Income Life Insurance Company
            - AILIC Receivable Corporation
            - American Income Marketing Services, Inc.
            - Union Heritage Life Assurance Company Limited
        - Globe Marketing Services, Inc.
        - Globe Insurance Agency, Inc.
        - Globe Marketing and Advertising Distributors, LLC
    - Torchmark Insurance Agency, Inc.
    - TMK Building Corp.
        - TMK Properties, LP (General Partner)
            - Torchmark Corporation (Limited Partner)
    - TMK Re, Ltd
    - Torchmark Capital Trust III *
    - United American Life Insurance Company
        - First United American Life Insurance Company

* Special purpose business trust

Shareholder

The Amended and Restated Articles of Incorporation authorize the Company to issue 5,000,000 shares of $1 par value common stock. As of December 31, 2011, the Company has 3,000,000 shares issued and outstanding resulting in a common capital stock value of $3,000,000. All of the outstanding shares of the Company are held by the parent, Torchmark Corporation, a financial services holding company.

During the period under review the Company declared dividends to Torchmark Corp. on its common capital stock in the following amounts:

Date	Amount	Dividend Type
August 15, 2011	$42.49M	Extraordinary
June 9, 2011	21.25M	Ordinary
March 18, 2011	21.20M	Ordinary
November 12, 2010	14.50M	Extraordinary
July 13, 2010	16.57M	Extraordinary
April 1, 2010	48.28M	Ordinary
November 12, 2009	14.50M	Extraordinary
August 10, 2009	16.57M	Extraordinary
March 31, 2009	30.41M	Ordinary
March 13, 2009	17.43M	Ordinary
October 22, 2008	14.50M	Ordinary
June 23, 2008	16.57M	Ordinary
March 25, 2008	30.41M	Ordinary

Board of Directors

The Company's Restated By-Laws state, "the number of Directors shall be five (5) but may, by resolution of the Board of Directors, be increased to any greater number of Directors. The Directors shall be elected at the annual meeting of the stockholders and each Director shall be elected to serve until his successor shall be elected and shall qualify."

Members of the Company's Board of Directors at December 31, 2011 were as follows:

Name and Residence	Principal Occupation
Vern D. Herbel McKinney, Texas	President of the Company
Larry M. Hutchison Duncanville, Texas	Co-Chief Executive Officer, Torchmark Corporation
Gary L. Coleman Plano, Texas	Co-Chief Executive Officer, Torchmark Corporation
Ben W. Lutek McKinney, Texas	Vice President and Chief Actuary, Torchmark Corporation

Name and Residence	Principal Occupation
Frank J. Barrett Omaha, Nebraska	General Counsel, Lamson, Dugan & Murray, LLP

According to Article III, Section 6 of the Restated By-Laws, "regular meetings of the Directors may be held without notice at such places and times as shall be determined from time to time by resolution of the Directors. Special meetings of the Board of Directors may be called by the President or by the Secretary, upon the written request of the following: the Chairman of the Board, the President or any two (2) Directors, on at least twelve hours' notice to each Director, and shall be held at such place or places as may be determined by the Directors."

Section 9 of Article III states, "any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof, may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or such committee."

Officers

According to the Restated By-Laws, "the Officers of the Corporation shall be a President and a Secretary, who shall be elected by the Board of Directors and who shall hold office until their successor are elected and qualified. In addition, the Board of Directors may elect one or more Vice Presidents, a Treasurer and such Assistant Secretaries and Assistant Treasurers as they deem proper. More than one office may be held by the same person." The Officers are elected at the first meeting of the Board of Directors after each annual meeting of the shareholders.

A partial listing of Senior Officers elected and serving the Company at December 31, 2011 was as follows:

Name	Office
Vern D. Herbel	President and Chief Executive Officer
Danny H. Almond	Executive Vice President, Chief Financial Officer, and Treasurer
Jon A. Adams	Senior Vice President, Financial Reporting, Controller
Douglas L. Gockel	Senior Vice President, Special Markets
John K. Hall	Senior Vice President of Special Markets
Alan S. Hintz	Senior Vice President, Investments
Charles F. Hudson	Senior Vice President
Bill E. Leavel	Senior Vice President
Ben W. Lutek	Senior Vice President and Chief Actuary
Brenda K. Martin	Senior Vice President
Dawn D. Mitchell	Senior Vice President of Policy Benefits
R. Brian Mitchell	Senior Vice President and General Counsel
Randall D. Mull	Senior Vice President
Roger K. Smith	Senior Vice President, Branch Office Division
Glenn D. Williams	Senior Vice President, Direct Marketing
Larry M. Hutchinson	Secretary

Committees

During the period covered by this examination, the Company did not appoint committees of the Board of Directors. Board committees are appointed at the holding company level and perform centralized duties for all of the companies in the group. The following committees are in place at the holding company level: audit, compensation, as well as governance & nominating.

TRANSACTIONS WITH AFFILIATES

The Company and each of the subsidiaries of Torchmark Corp. (Torchmark) are parties to a tax allocation agreement dated January 1, 1989. The agreement allocates the federal income tax liability in an amount equal to that which would have been reported had separate returns been filed.

Effective January 1, 1991, the Company entered into a master service agreement with Torchmark, its parent. Under the terms of this contract, each party agrees to provide each other on request the following services: executive, financial, legal, accounting and other services. For all services provided by Torchmark, the service fee is a portion of Torchmark's total operating expenses for the immediately preceding calendar year determined as a percentage of salary and benefits of the Company to the consolidated salaries and benefits of Torchmark under the contract. During 2011, the total amount paid under this agreement was approximately $7,932,000. The agreement includes the investment management arrangement with Torchmark. The Company is charged a fee based on the total value of the securities managed. During 2011, total investment management fees paid to Torchmark was approximately $2,640,000.

Effective October 6, 2006, the Company and Torchmark formed a joint partnership called TMK Properties L.P. for the purpose of owning and operating the home office complex in McKinney, Texas. On March 31, 2007 the Company transferred its existing property located in McKinney, including land, improvements and the existing building, having a combined book value of $11,665,132 to TMK Properties L.P. in exchange for a 45% limited partnership interest. Effective July 1, 2007 the Company entered into a lease agreement with TMK Properties L.P. whereby the Company pays $56.6 million over 10 years. On December 23, 2010, the Company Sold its interest in TMK Properties L.P. to its parent, Torchmark, of approximately $18,722,000. The Company recorded a net increase in surplus of approximately $463,000 as a result of the transaction.

Effective March 1, 2006, the Company and Globe Life and Accident Insurance Company (Globe) entered into a recruiting agreement that provides for Globe to furnish agent recruiting services to the Company. The Company agrees to pay its respective proportionate shares of salary and/or wage expenses incurred by Globe in connection with providing such agent recruiting services.

On November 7, 2011, the Company loaned $20M to affiliate Globe. The loan was payable on May 7, 2012 and charged a simple interest rate of 3.25%. Torchmark affiliates borrow money within the Holding Company periodically throughout the year to meet cash flow needs which arise as a result of various investment opportunities.

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Company is licensed to write business in all states except New York, the District of Columbia and certain Canadian provinces. The Company writes ordinary life, individual annuities, and accident and health business. The accident and health business is principally Medicare supplement, Medicare Part D, long-term care business and limited-benefit supplemental health coverage to people under age 65. The Medicare supplement business constitutes the largest percentage of direct health premium writings and almost two-thirds of the Company's direct written premium. The Company competes with other insurance carriers through policyholder service, price, product, design and sales efforts. Up until 2009, the Company utilized a combination of marketing distribution systems which included independent agents, exclusive producing agents within a branch system, and direct response. Beginning in late 2008, the Company began closing its branch offices or merging them into an affiliate, Liberty National Life Insurance Company. Currently the Company is no longer extensively utilizing exclusive agents and has no branch offices. As of the examination date, the Company is marketing its products nationwide through 16,711 appointed independent agents and the direct response.

REINSURANCE

Ceded

Effective December 21, 2010, the Company entered into an Annuity Coinsurance Agreement with Liberty National Life Insurance Company (Liberty), whereby the Company is ceding 100% of its liability on a coinsurance with funds withheld basis to Liberty. Liberty is liable for all benefits payable under the in-force and subsequent issued policies on or after the effective date including, with limitation, surrenders, death benefits, and benefits due under a policy where annuitization has begun on or prior to the effective date, noted above.

Effective June 30, 1988, the Company entered into a reinsurance agreement with CIGNA (later transferred to Swiss Re), whereby the Company ceded and the reinsurer assumed a 90% quota share of "original limits" of business classified by the Company a Guaranteed Renewable Long Term Care Business. "Original limits" means the liability under the policies subject to a maximum of $100 any one person, per day, per benefit period of 4 years for any one confinement, subject to the maximum per person, lifetime benefit of up to 5 years.

General

All contracts reviewed contained standard insolvency, arbitration, errors and omissions, and termination clauses. All contracts contained the clauses necessary to assure that reinsurance credits could be taken.

BODY OF REPORT

GROWTH

The following comparative data reflects the growth of the Company during the period covered by this examination:

	2008	2009	2010	2011
Bonds	$1,058,294,920	$1,361,294,471	$1,385,301,641	$1,395,191,600
Admitted assets	1,384,725,503	1,649,619,974	1,698,071,608	1,703,525,550
Aggregate reserve for life contracts	151,319,512	194,098,658	192,649,090	90,738,195
Aggregate reserve for accident & health contracts	226,930,032	247,229,924	244,260,668	241,725,967
Total liabilities	1,201,589,874	1,392,614,903	1,431,870,922	1,459,672,020
Capital and surplus	183,135,629	257,005,071	266,200,686	243,853,530
Premium and annuity considerations	851,801,648	787,172,314	749,844,909	692,204,964
Net investment income	76,135,677	75,873,612	84,971,652	85,458,896
Disability benefits	542,605,336	527,288,502	512,950,625	475,845,042
Net income	78,913,040	79,353,904	93,628,262	75,014,715

FINANCIAL STATEMENTS

The following statement of admitted assets and liabilities, together with the accompanying summary of operations, reflects the financial condition of the Company at December 31, 2011, and it's transactions during the year 2011, as determined through this examination. A reconciliation of the capital and surplus account for the period under review is also included.

FINANCIAL STATEMENT
December 31, 2011

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$1,395,191,600		$1,395,191,600
Preferred stocks	34,080,000		34,080,000
Commons stocks	33,497,324		33,497,324
Cash and short-term investments	22,077,601		22,077,601
Contract loans	7,442,219		7,442,219
Other invested assets	46,648,673		46,648,673
Subtotals, cash and invested assets	$1,538,937,417		$1,538,937,417
Investment income due and accrued	23,564,619		23,564,619
Uncollected premiums and agents' balances	9,363,984	$ 61,675	9,302,309
Deferred premiums, agents' balances	7,812,231		7,812,231
Other amounts receivable under reinsurance contracts	644,502		644,502
Current federal income tax recoverable	2,754,609		2,754,609
Net deferred tax asset	102,958,000	43,129,000	59,829,000
Guaranty funds receivable	359,097		359,097
Electronic data processing equipment	7,376,884	3,935,430	3,441,454
Furniture and equipment	268,211	268,211	
Receivable from parent, subsidiaries and affiliates	2,904,470		2,904,470
Health care and other amounts receivable	29,507,421	10,799,931	18,707,490
Agency deferred compensation plan assets	5,937,236		5,937,236
Cash surrender value of company owned life insurance	29,331,116		29,331,116
Prepaid premium tax – LIH	1,091,774	1,091,774	
Utility deposits and memberships	171,000	171,000	
Unfunded accrued pension cost	5,882,971	5,882,971	
Automobiles	49,301	49,301	
Total assets	$1,768,914,843	$65,389,293	$1,703,525,550

Liabilities Capital and Surplus	Amount
Aggregate reserves for life contracts	$190,738,195
Aggregate reserve for accident and health contracts	241,725,967
Liability for deposit-type contracts	254,102
Contract claims – life	3,526,000
Contract claims – A&H	44,409,000
Premiums and annuity considerations received in advance	8,606,977
Other amounts payable on reinsurance	8,678,705
Interest maintenance reserve	5,996,697
Commissions to agents due or accrued	1,941,018
General expenses due or accrued	18,513,261
Taxes, licenses and fees due or accrued	526,415
Unearned investment income	74,998
Amounts withheld or retained by company as agent or trustee	5,512,426
Amounts held for agents' account	3,268,810
Remittances and items not allocated	3,984,805
Net adjustments in assets and liabilities due to foreign exchange	(2,867)
Liability for benefits for employees and agents	45,050,156
Asset valuation reserve	12,576,545
Funds held under coinsurance	87,087
Other liabilities	386,867
Total liabilities	$1,459,672,020
Common capital stock	$ 3,000,000
Gross paid in and contributed surplus	137,500,000
Incremental deferred tax assets	28,050,000
Unassigned funds (surplus)	$ 75,303,530
Surplus	$ 240,853,530
Capital and surplus	$ 243,853,530
Total liabilities, capital and surplus	$1,703,525,550

SUMMARY OF OPERATIONS – 2011

Premiums and annuity considerations	$692,204,964
Net investment income	85,458,896
Amortization of interest maintenance reserve	604,474
Commissions and expense allowances on reinsurance ceded	2,094,991
Non-insurance service fees	5,356,305
Nursing home business	218,000
IBT part D administrative income	2,157,432
Other	14,687
Total	$788,109,749
Death benefits	$ 23,760,483
Matured endowments	107,359
Disability benefits and benefits under accident and health contracts	475,845,042
Surrender benefits and withdrawals for life contracts	2,946,234
Interest and adjustments on contract funds	40,969
Increase in aggregate reserves for life and accident and health contracts	(4,445,596)
Subtotal	$498,254,491
Commissions on premiums and annuity considerations	45,364,351
General insurance expenses	103,791,536
Insurance taxes, licenses and fees	14,717,502
Increase (decrease) in loading on deferred and uncollected premiums	(650,657)
Investment income adjustment on coinsurance	59,385,755
Total	$720,862,978
Net gain before dividends to policyholders and federal income taxes	$ 67,246,771
Federal income taxes incurred	(4,310,024)
Net gain after dividends to policyholders and federal income taxes	$ 71,556,795
Net realized capital (losses)	3,457,920
Net income	$ 75,014,715

CAPITAL AND SURPLUS ACCOUNT

	2008	2009	2010	2011
Capital and surplus, beginning	$ 168,470,886	$183,135,629	$257,005,071	$266,200,686
Net income	$ 78,913,040	$ 79,353,904	$ 93,628,262	$ 75,014,715
Change in net unrealized capital gains or (losses)	(2,826,651)	1,417,111	1,223,918	(4,512,337)
Change in net unrealized foreign exchange capital gain or (loss)	(1,328,187)	1,070,101	294,339	(160,060)
Change in net deferred income tax	(395,996)	9,685,000	(10,821,000)	(5,191,000)
Change in nonadmitted assets	(3,588,151)	19,006,674	9,853,254	3,057,034
Change in reserve on account of change in valuation basis		(2,349,923)		
Change in asset valuation reserve	3,945,095	(1,287,617)	(3,112,438)	(3,996,640)
Capital paid in		50,000,000		
Dividends to stockholders	(61,486,000)	(78,913,000)	(79,353,904)	(84,987,000)
Change in executive benefit plan	1,431,593	(4,112,808)	367,356	(1,571,868)
Incremental deferred tax asset		31,144,000	(874,000)	(2,220,000)
Incremental deferred tax asset in line 41 adjustment		(31,144,000)	874,000	2,220,000
LIH tax credit amortization			(2,884,172)	
Net change for year	$ 14,664,743	$ 73,869,442	$ 9,195,615	$ (22,347,156)
Capital and surplus, ending	$183,135,629	$257,005,071	$266,200,686	$243,853,530

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

There were no changes to the unassigned funds (surplus) of the Company as a result of this examination. Unassigned funds (surplus) in the amount of $75,303,530 is accepted for purpose of this examination.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

The recommendations appearing in the previous report of examination are reflected below together with the remedial actions taken by the Company to comply therewith:

Gross Premium Valuation - The Nebraska Department of Insurance is requiring that the Company perform a gross premium valuation on the year-end 2008 statutory reserves prior to submitting the 2008 Actuarial Opinion to the Department in early 2009.

Action: The Company has complied.

Disaster Recovery Plan – It is recommended that the completion of updating and testing of the new Disaster Recovery and Business Contingency Plan be given the highest priority.

Action: The Company has complied.

Terminating Access to Systems – Our testing of the processing of prompt termination of access to all systems for persons leaving the Company failed. When notified of its failure to promptly process system access an terminated employees, the Company immediately changed its termination procedures.

Action: The Company has complied.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

Investment Review

The Company's Board of Directors minutes from 2008 to 2011 did not include evidence showing that the investment transactions had been approved on a quarterly basis. Nebraska Insurance Statute §44-5105(3)(a) states, "on no less than a quarterly basis, and more oftem if deemed appropriate, the board or committee of the Board of Directors shall receive and review a summary report on the insurer's investment portfolio, investment activities, and investment practices engaged in under delegated authority, in orger to determine whether the investment activity of the insurer is consistent with its written plan." It is recommended that the Company make the necessary changes so as to ensure compliance with the provisions of Nebraska Insurance Statute 44-5105.

Custodial Agreements

It was noted in review of the Company's custodial agreements with Bank of New York, that the agreement is not in compliance with Nebraska Rules & Regulations, Title 210, Chapter 81. In addition the agreement with Bank of New York states that the, "agreement shall be subject to certain custodial requirements imposed by the Delaware Department of Insurance". It is recommended that the Company amend its current custodial agreement with Bank of New York to comply with the required provisions of Title 210 (Rules of the Nebraska Department of Insurance), Chapter 81, and appropriately reflect the proper state of domicile.

Affiliate Agreements

Review of intercompany service contracts revealed an instance in which contract verbiage required by SSAP 25, Paragraph 6 was not included. The recruiting agreement where Globe Life and Accident Insurance Company provides services to the Company, Liberty National Life Insurance Company, and American Income Life Insurance Company did not include verbiage required by SSAP 25, Paragraph 6, which states "the written agreement must provide for timely settlement of amounts owed, with a specified due date." It is recommended that the Company amend the noted agreement to comply with SSAP No. 25, Paragraph 6. Furthermore, once the Company has made these changes, it is requested that the amended agreement be submitted to the Nebraska Department of Insurance in accordance with Neb. Rev. Statute 44-2133(2)(d).

SUMMARY OF RECOMMENDATIONS

The following comments and recommendations have been made as a result of this examination:

Investment Review – Nebraska Insurance Statute §44-5105(3)(a) states, "on no less than a quarterly basis, and more often if deemed appropriate, the board of directors or committee of the board of directors shall receive and review a summary report on the insurer's investment portfolio, investment activities, and investment practices engaged in under delegated authority, in order to determine whether the investment activity of the insurer is consistent with its written plan." It is again recommended that the Company comply with Nebraska Insurance Statute §44-5105(3)(a).

Custodial Agreements - The Company's custodial agreements with Bank of New York is not in compliance with Nebraska Rules & Regulations, Title 210, Chapter 81. The agreement also does not reflect Nebraska as the proper state of domicile. It is recommended that the Company amend its current custodial agreements with Bank of New York to comply with the required provisions of Title 210 (Rules of the Nebraska Department of Insurance), Chapter 81, and appropriately reflect the proper state of domicile.

Affiliate Agreements - The recruiting agreement where Globe Life and Accident Insurance Company provides services to the Company, Liberty National Life Insurance Company, and American Income Life Insurance Company did not, did not include verbiage required by SSAP 25, Paragraph 6. It is recommended that the Company amend the noted agreement to comply with SSAP No. 25, Paragraph 6. Furthermore, once the Company has made these changes, it is requested that the amended agreement be submitted to the Nebraska Department of Insurance in accordance with Neb. Rev. Statute 44-2133(2)(d).

ACKNOWLEDGEMENT

The courteous cooperation extended by the Officers and employees of the Company during this examination is hereby acknowledged.

In addition to the undersigned, Andrea Szwanek, CFE, Linda Scholl, CFE, Erin Garvin, and Kim Shannon, Financial Examiners; Bill R. Schmid, Information Systems Examiner; and Dan Eckstein, ASA, MAAA, Actuarial Examiner, all with the Nebraska Department of Insurance, participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

Tadd K. Wegner, CFE
Supervisory Examiner
Department of Insurance
State of Nebraska

State of Nebraska,

County of Lancaster,

Tadd K. Wegner, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of United American Insurance Company.

2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination report, and the examination of United American Insurance Company was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

The affiant says nothing further.

Tadd K. Wegner
Examiner-in-Charge's Signature

Subscribed and sworn before me by Susan D. Williams on this 8th day of May, 2013.

(SEAL) GENERAL NOTARY - State of Nebraska
SUSAN D. WILLIAMS
My Comm. Exp. Sept. 16, 2013

Susan D. Williams
Notary Public

My commission expires 9/16/2013 [date].