

**BEFORE THE COMMISSIONER OF INSURANCE  
OF THE STATE OF KANSAS**

In the Matter of the Proposed Adoption	)	
Of the Financial Condition Examination	)	
Report as of December 31, 2015	)	Docket No. 5001
Financial American Life Insurance Company	)	
NAIC # 71455	)	

**FINAL ORDER**

NOW COMES on for formal disposition the matter of the proposed adoption of the financial condition examination as of December 31, 2015 of Financial American Life Insurance Company ("FAML I"), a Kansas corporation. This matter is brought before the Commissioner of Insurance ("Commissioner") for adoption, rejection, or modification pursuant to the provisions of K.S.A. 40-222.

I, Ken Selzer, the duly elected, qualified, and acting Commissioner of Insurance, having fully considered and reviewed the financial condition examination report, together with all written submissions, applicable rebuttals, and all relevant portions of the examiners' work papers, and further, being fully advised of all premises, hereby find:

**Applicable Public Policy**

It is the stated policy of the State of Kansas that whenever the Commissioner of Insurance deems it necessary, an examination of the affairs and financial condition of any insurance company in the process of organization, applying for admission, or doing business in this State can be undertaken. In all cases, such an examination must occur once every five (5) years. Through the examination process, the insurance consuming public will be well served and protected.

### Findings of Fact

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222.
2. An examination of FAML I was undertaken by the Kansas Insurance Department and was completed on December 30, 2016.
3. The examiner observed all guidelines and procedures set forth in the examiner's handbook adopted by the national association of insurance commissioners.
4. The examiner-in-charge tendered and filed with the Kansas Insurance Department a verified written report on the examination within thirty (30) days following completion of the examination, to wit: January 9, 2017.
5. Following receipt of the verified report, the Kansas Insurance Department transmitted the report to FAML I on January 10, 2017, with a notice advising FAML I of its opportunity to prepare a written submission or rebuttal with respect to any and all matters contained in the report. FAML I was further advised that any written submission or rebuttal needed to be filed with the Kansas Insurance Department no later than thirty (30) days after receipt of the verified report.
6. FAML I filed a written rebuttal of the verified report on February 7, 2017. Based on the written submission tendered by FAML I, the company took exception to certain matters contained in the verified report.
7. The Kansas Insurance Department reviewed the material. Based on FAML I's rebuttal arguments and their request for reconsideration the Department conducted a secondary review. The review was completed on March 17, 2017. No changes to the report were recommended by the examiner after the secondary review.

8. The Kansas Insurance Department out of an abundance of caution also contracted with a third party advisor, David Vacca Consulting Inc., to review the report for accuracy and correctness. Vacca Consulting completed its review on March 17, 2017 and agreed with the Department's findings.
9. Within thirty days (30) days of the end of the time period allowed for written submission or rebuttal, the Commissioner of Insurance fully reviewed the report, the third party review, and all written submissions and rebuttals provided by FAML. The Commissioner of Insurance further reviewed all relevant workpapers.

#### Applicable Law

10. K.S.A. 40-222(k)(2) provides:

"Within 30 days of the end of the period allowed for the receipt of written submissions or rebuttals, the commissioner shall fully consider and review the report, together with any written submissions or rebuttals and any relevant portions of the examiners workpapers and enter an order:

- (A) Adopting the examination report as filed with modification or corrections. If the examination report reveals that the company is operating in violation of any law, regulation or prior order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure such violations; or
- (B) rejecting the examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation or information, and refiling pursuant to subsection (k); or
- (C) call and conduct a fact-finding hearing in accordance with K.S.A. 40-281, and amendments thereto, for purposes of obtaining additional documentation, data, information and testimony.

Conclusions of Law

11. Based upon the Findings of Fact enumerated in paragraphs 1-9 above, the Department conducted a thorough and accurate financial condition examination. Therefore, the report as of December 31, 2015 should be adopted.

**IT IS THEREFORE ORDERED THAT:** The financial condition examination report as of December 31, 2015 of Financial American Life Insurance Company is hereby adopted.

**IT IS THEREFORE ORDERED THAT:** All administrative remedies have been exhausted.

**IT IS SO ORDERED THIS 31<sup>st</sup> DAY OF March, 2017 IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



Ken Selzer  
Commissioner of Insurance

By:

Grace Lancaster  
Staff Attorney

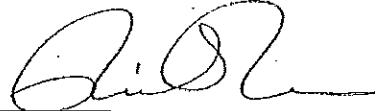
NOTICE OF RIGHTS TO HEARING AND REVIEW

This Order is subject to the provisions of the Kansas Judicial Review Act, K.S.A. 77-601 et seq. In the event the company files a Petition for Judicial Review, pursuant to K.S.A. 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

Diane Minear, General Counsel  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> Street  
Topeka, Kansas 66612

Certificate of Service

The undersigned hereby certifies that he was served a true and correct copy of the above and foregoing Order on this 31<sup>st</sup> day of March , 2017, by causing the same to be emailed to Manny J. Millor, President and CEO, at [manny.millor@famli.com](mailto:manny.millor@famli.com)



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Richard Ramos  
Director, Financial Surveillance Division  
Kansas Insurance Department