



**BEFORE THE COMMISSIONER OF
THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

IN THE MATTER OF:

FARMERS LIFE INSURANCE COMPANY

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TID No.: 24-033

ORDER ADOPTING EXAMINATION REPORT

Pursuant to Tenn. Code Ann. § 56-1-408, the Insurance Division of the State of Tennessee, Department of Commerce and Insurance (“Division”) has examined certain affairs of Farmers Life Insurance Company (“Company”), an insurance company domiciled in the state of Tennessee. As a result of an examination conducted as of December 31, 2022, the examiner-in-charge filed a verified, written report on the examination with the Division on June 24, 2024. A copy of that report was sent to the Company. (The Report on Examination of the Company is attached hereto and marked as Exhibit A).

The Division received a response regarding the report from the Company dated July 31, 2024. (The written response submitted by the Company is attached hereto and marked as Exhibit B).

Pursuant to Tenn. Code Ann. § 56-1-411, the examination report regarding the affairs of the Company is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company records failed to reflect that the Company’s appointed actuary properly reported to the Company Board or Audit Committee on an annual basis. The Company is **DIRECTED** to ensure that the appointed actuary for the Company reports annually to the Company Board or Audit Committee regarding the actuarial opinion report and to properly record the reporting in the Company’s Board or

Audit Committee minutes in compliance with Tenn. Code Ann. § 56-1-501(b) and the NAIC Annual Statement Instructions.

2. The Company's annual statement jurat page failed to include accurate information regarding the Company's elected Directors. The Company is **DIRECTED** to ensure that the Company's annual jurat page includes accurate information in compliance with Tenn. Code Ann. § 56-1-501(b) and the NAIC Annual Statement Instructions.
3. The Company's records failed to reflect that certain Company investment transactions were properly approved by the Company's Board or the Board's appointed committee. The Company is **DIRECTED** to ensure that all investment transactions are properly approved and documented in compliance with Tenn. Code Ann. § 56-3-408(b)(1).
4. The Company acquired obligations in excess of the limits prescribed in Tenn. Code Ann. § 56-3-303(a)(19)(A). The Company is **DIRECTED** to ensure that the acquired obligations of the Company do not exceed three percent (3%) of the Company's admitted assets in compliance with Tenn. Code Ann. § 56-3-303(a)(19)(A), subject to Tenn. Code Ann. § 56-3-303(a)(15).
5. The Company's financial statements included improper valuations of land and building assets. The Company is **DIRECTED** to report assets at "fair value" in compliance with the NAIC Accounting Practices and Procedures Manual, Statements of Statutory Accounting Principles No. 37 and 100R, and Tenn. Code Ann. § 56-1-501(g).
6. The Company reported investing in mortgage loans that exceed seventy-five percent (75%) of the value of the property. The Company is **DIRECTED** to ensure that the Company's mortgage-loan investments do not exceed seventy-five percent (75%) of the value of the property.
7. The Company failed to file an annual suitability report with its senior management regarding the Company's annuity supervision system. The Company is **DIRECTED** to ensure that a report is provided annually to the Company's senior management detailing a review, with appropriate testing, reasonably designed to determine the effectiveness of the supervision system, the exceptions found, and corrective action taken or recommended, if any, in compliance with Tenn. Comp. R. & Regs. 0780-01-86-.06(3)(b)9.
8. The Company failed to provide certain disclosures to policyholders upon the issuance of annuity policies. The Company is **DIRECTED** to ensure that all required disclosures are provided to purchasers of annuities in compliance with Tenn. Comp. R. & Regs. 0780-01-86.
9. The Company failed to properly notify the Department regarding insurance

producer appointments. The Company is **DIRECTED** to ensure that all producer appointments are completed properly in compliance with Tenn. Code Ann. § 56-6-115 and to maintain adequate records in compliance with Tenn. Code Ann. § 56-8-104(10).

10. The Company's records failed to reflect that the Company properly adopted and implemented standards for the investment and settlement of claims. The Company is **DIRECTED** to adopt detailed claims handling procedures, which include standards for acknowledging claims in a timely manner and standards for processing various types of claims. The procedures should also include information regarding the process of ensuring that claimants are provided the necessary forms and instructions for filing claims, and reasonable assistance in filing claims in compliance with Tenn. Code Ann. § 56-8-105(3) and Tenn. Comp. R. & Regs. 0780-01-05-.07(4).
11. The Company failed to ensure that proper documentation was recorded in claims files. The Company is **DIRECTED** to properly document each claims file to permit reconstruction of the Company's activities relative to each claim in compliance with Tenn. Comp. R. & Regs. 0780-01-05-.05(2).

The Company shall comply with the Directives contained in this Order within thirty (30) days of its entry and execution.

The adoption of this examination report shall not preclude the Division from imposing sanctions against the Company for additional violations of Tennessee insurance law which may be revealed in the examination report, it being the intent of this Order merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

ENTERED AND EXECUTED August 23, 2024.


Carter Lawrence (Aug 23, 2024 16:01 CDT)

Carter Lawrence, Commissioner
Department of Commerce and Insurance
State of Tennessee

ADDITIONAL SIGNATURES ON THE FOLLOWING PAGE

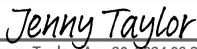
PREPARED FOR ENTRY:

Jenny Taylor
Jenny Taylor (Aug 20, 2024 08:25 CDT)

Jenny Taylor (BPR# 027264)
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Department of Commerce and Insurance
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as filed has been emailed to Bill Huddleston, Assistant Commissioner for Insurance, Department of Commerce and Insurance at bill.huddleston@tn.gov; and mailed first class, postage prepaid, to Farmers Life Insurance Company, 243 North Peters Road, Knoxville, Tennessee 37923, on August 23, 2024.


Jenny Taylor (Aug 20, 2024 08:25 CDT)

Jenny Taylor
Associate General Counsel

EXHIBIT A



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION
OF
FARMERS LIFE INSURANCE COMPANY
KNOXVILLE, TENNESSEE

AS OF
DECEMBER 31, 2022

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Knoxville, Tennessee
June 24, 2024

Honorable Carter Lawrence
Commissioner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

Dear Commissioner:

In accordance with your instructions and pursuant to Tennessee Code Annotated (“Tenn. Code Ann.”) § 56-1-408, a full-scope financial examination and market conduct review, as of December 31, 2022, has been made of the condition and affairs of:

FARMERS LIFE INSURANCE COMPANY

NAIC # 60230
243 North Peters Road
Knoxville, Tennessee 37923

hereinafter referred to as the “Company” or “FLIC” and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Tennessee Department of Commerce and Insurance (TDCI or “Department”). The examination was conducted by duly authorized representatives of the Department. This examination was called through the National Association of Insurance Commissioners (NAIC) Financial Examination Electronic Tracking System (FEETS).

SCOPE OF EXAMINATION

Due to the Company’s previous license as a credit life and credit accident and health reinsurer, FLIC was exempt from most regulatory filings and examination requirements. As such, no examination has been conducted since the full-scope examination as of December 31, 1999. The Company was issued a Certificate of Authority to establish and operate as a life insurance company pursuant to the provisions of Tenn. Code Ann. § 56-2-103, and an organizational examination was conducted as of March 31, 2021. This examination covers the period April 1, 2021, through December 31, 2022, and

includes any material transactions and/or events occurring subsequent to the examination date which were noted during the course of examination.

The examination was conducted in accordance with rules and procedures as prescribed by the statutes of the State of Tennessee, and in accordance with practices and procedures promulgated by the NAIC in the *Financial Condition Examiners Handbook* ("Handbook"), as deemed appropriate. The examination was planned and performed to evaluate the financial condition of the Company, as of December 31, 2022. The examination sought to identify prospective risks by obtaining information about the Company, including its corporate governance, by identifying and assessing inherent risks within the Company, and by evaluating system controls and procedures used to mitigate those risks. The examination also included 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.

All significant risks were considered when planning which key activities and accounts would be examined. The key activities included: Underwriting/Pricing; Reserves/Claims; Reinsurance; Related Party; Investments; and Capital and Surplus.

The Company's 2022 annual statement was compared with or reconciled to the corresponding general ledger account balances.

A separate market conduct review was performed concurrently with the financial examination. See "Market Conduct Activities" section of this report.

Independent information technology specialist services, provided by Jennan Enterprises, LLC, were utilized in the examination review of the Company's information technology general controls (ITGC).

The actuarial firm of Lewis & Ellis, LLC was utilized in the examination review of the Company's reinsurance, and statutory reserves, as well as the risk assessment and review of controls for reserving and pricing risks.

The Company's Certified Public Accountant (CPA) workpapers were reviewed for the 2022 audit and copies were incorporated into the examination, as deemed appropriate.

COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS

The examination included a review to determine the current status of the comments and recommendations from the previous report of examination dated May 18, 2021. The previous examination was an organizational examination as of March 31, 2021, after the Company's conversion to a traditional life insurer. The Company's previous license was for operation as a credit life and credit accident and health reinsurer, and no full-scope examination had been conducted on the Company since December 31, 1999. The organizational examination contained one (1) comment and three (3) recommendations, detailed below, which were remediated prior to conclusion of this examination.

Comments

1. The Company does not have fidelity bond coverage in effect as of the date of this examination. It is suggested that the Company obtain and maintain fidelity bond coverage in accordance with NAIC Handbook guidance.

Update: As of December 31, 2022, the Company maintained a fidelity bond, however, the fidelity bond coverage amount did not meet the NAIC minimum suggested amount. During the examination, the Company did increase its fidelity bond coverage amount to meet the NAIC minimum suggested amount.

Recommendations

1. With Mr. Keslowitz's resignation, the Company should appoint a corporate Secretary in accordance with its Bylaws.

Update: Mr. Keslowitz is no longer with the Company and the Company did appoint Dominic Cursio Vincent as Secretary in accordance with its Bylaws.

2. The Company should ensure that Mr. Keslowitz is licensed and properly appointed as an insurance producer in Tennessee before he engages in activities as a reinsurance intermediary on behalf of the Company.

Update: Mr. Keslowitz is no longer with the Company and did not act as a reinsurance intermediary during the Company's reinsurance negotiations in 2023.

3. The Company should ensure the intended reinsurance intermediary agreement with Mr. Keslowitz meets all of the requirements of Tenn. Code Ann. § 56-6-801, *et. seq.*

Update: Mr. Keslowitz is no longer with the Company and did not act as a reinsurance intermediary during the Company's reinsurance negotiations in 2023.

COMPANY HISTORY

FLIC was originally approved to do business within the State of Tennessee as a credit life and credit accident and health reinsurer on November 19, 1997. On March 23, 2020, the Department received a Form A application from Arrowhead Capital Group, LLC (ACG), a Delaware limited liability company formed for the primary purpose of acquiring FLIC from Farmers Bank. ACG's Form A, for the acquisition of control of FLIC, was approved by the TDCI on July 20, 2020.

The Company filed a Uniform Certificate of Authority Application for licensure as a traditional life insurer with the TDCI on November 17, 2020. To satisfy the minimum capital and surplus requirements of Tenn. Code Ann. §§ 56-2-114 and 56-2-115, funds in the amount of \$2,010,000 were contributed to FLIC by ACG. The TDCI approved the conversion of FLIC's license to a traditional life insurer via a Consent Order on March 4, 2021. Pursuant to the Consent Order, FLIC agrees to maintain a minimum Risk Based Capital (RBC) ratio of three hundred percent (300%) and to notify the TDCI at least thirty (30) days in advance of the effective date of any reinsurance transaction with an unauthorized reinsurer.

MANAGEMENT AND CONTROL

MANAGEMENT

Directors

The Company's Bylaws state the number of directors shall consist of no fewer than three (3) or more than twelve (12) members. The exact number of directors, the range for the size of the Board, and whether the size of the Board shall be fixed or variable, may be set, changed, or determined from time to time by the Board. Directors shall be elected by the shareholders at each annual meeting, and each director shall be elected to serve for a term of one (1) year, or until his or her successor is elected and qualifies; subject, however, to the removal of any director as provided in the Bylaws.

The annual meeting of the shareholders shall be held on such date as may be determined by the Board. The business to be transacted at such meeting shall be the election of directors and such other business as shall be properly brought before the meeting.

Regular meetings of the Board may be held without notice of the date, time, place, or purpose of the meeting.

The following persons were duly elected by the shareholders and were serving as members of the Board, as of December 31, 2022:

<u>Name</u>	<u>Principal Occupation</u>
Benjamin Ira Jacobs	President & Chief Executive Officer, FLIC
Phillip Daniel Haire	President, Financial Services, Inc.
Zachary King Haire	Sales Director, Senior Benefit, Inc.
Dominic Vincent Cursio	National Sales Leader, Legacy Marketing Group

Officers

The Bylaws provide that the officers of the Company shall be a President and a Secretary, and such other officers as the Board may determine. The same individual may simultaneously hold more than one (1) office in the corporation, except the President may not simultaneously hold the office of Secretary, as provided by the Bylaws.

The following officers were duly elected by the Board and were serving as officers of the Company, as of December 31, 2022:

<u>Name</u>	<u>Title</u>
Benjamin Ira Jacobs	President & Chief Executive Officer
Phillip Daniel Haire	Treasurer & Head of Distribution
Dominic Vincent Cursio	Secretary & Chief Operations Officer

Committees

The Board may, by resolution passed by a majority of the entire Board, designate one (1) or more committees, each committee to consist of one (1) or more of the directors.

On December 31, 2022, the standing committees of the Board and respective committee members were as follows:

Enterprise Risk Management Committee

The Enterprise Risk Management Committee is charged with overseeing and approving the Company's risk management practices.

Benjamin Jacobs (Chair)	Daniel Haire
Dominic Cursio	Douglas Brown

Nominating Committee

The Nominating Committee is charged with recommending Directors for vote by the shareholders.

Zachary Haire (Chair)

CONTROL

The Company is a member of an insurance holding company system as defined by Tenn. Code Ann. § 56-11-101(b)(9), and as such, is subject to the Insurance Holding Company System Act of 1986, set forth in Tenn. Code Ann. § 56-11-101, *et seq.* The Company's direct parent is ACG, which is owned by Benjamin Jacobs and Shira Jacobs.

As stated in Tenn. Code Ann. § 56-11-101(b)(1): "Affiliate" of, or person "affiliated" with, a specific person, means a person that directly, or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, the person specified. As stated in Tenn. Code Ann. § 56-11-101(b)(3):

(A) "Control" including "controlling," "controlled by", and "under common control with" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is the result of an official position with, or corporate office held by the person.

(B) "Control" shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing ten percent (10%) or more of the voting securities of any other person. This presumption may be rebutted by a showing made in the manner provided by Tenn. Code Ann. § 56-11-105(k) that control does not exist in fact. The commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support the determination that control exists in fact, notwithstanding the absence of a presumption to that effect.

As of December 31, 2022, Benjamin Jacobs, President of FLIC, was party to an employment agreement with Ice Lender Holdings, LLC. As part of the employment agreement, Benjamin Jacobs ("Employee") shall have duties to Ice Lender Holdings, LLC, Farmers Asset Management, LLC, and the Company which shall include organization, compliance, underwriting, capital markets, and general asset management.

It is noted that the Company has a Shareholder's Agreement with IFLIC 1, LLC ("IFLIC 1") and IFLIC 2, LLC ("IFLIC 2") effective as of November 3, 2021. IFLIC 1 and IFLIC 2 are special-purpose vehicles ("SPVs") that are controlled by the O5 Group. A SPV is a legal entity that allows multiple investors to pool their capital and make an investment in a single company. The Shareholder's Agreement grants the option for both companies to receive the Company's non-voting series A preferred stock with a par value of \$0.01 in exchange for capital infusions to the Company. As of December 31, 2022, IFLIC 1 was the only company to be utilized this way. During the Fourth Quarter of 2021, the Company received a capital infusion of \$12,500,000 from IFLIC 1 in exchange for 1,250,000 shares of stock. During 2023, IFLIC 1 provided an additional \$7,500,000 infusion for 750,000 shares of stock. In total, IFLIC 1 has contributed \$20,000,000 in exchange for 2,000,000 shares of stock of the Company.

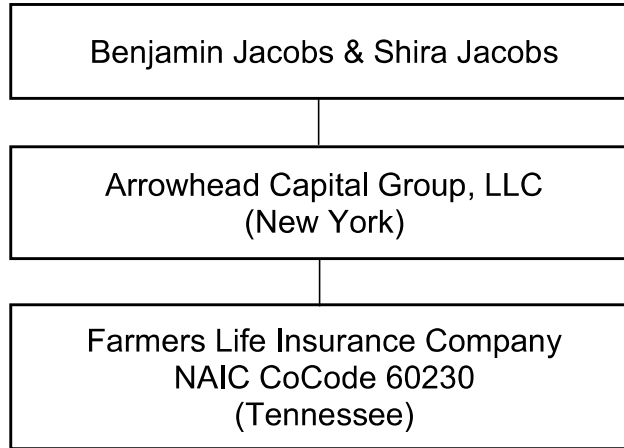
The \$20,000,000 infusions were funded by the O5 Group, which is owned by the Oved Family. Headquartered in New York City, O5 Group has been in the apparel space for forty plus years. In addition to apparel, the O5 Group has significant business interests in commercial real estate, logistics, and financial companies, including IceCap Group, one of the largest private mortgage lenders. FLIC is heavily invested in mortgage loans which it purchases from IceCap Group. IceCap Group is a regionally focused private debt lender in the Northeast providing short-term construction loans for the purchase, renovation, and construction of single, multifamily, and mixed-use real estate.

ACG retains one hundred percent (100%) voting share of the Company, however, based on the significant funding through the investment of non-voting preferred stock through IFLIC 1 (an affiliate of the O5 Group), the placement of a significant amount of mortgage loan investments originated by IceCap Group (an affiliate of the O5 Group), and the apparent control over the management and operations of the Company through the employment contract with Benjamin Jacobs through Ice Lender Holdings, LLC, it appears that the O5 Group, through Ice Lender Holdings, LLC and/or IceCap Group, should be deemed the Ultimate Controlling Person as of the examination date due to the apparent control they have over the operations and leadership of ACG and the Company pursuant to Tenn. Code Ann. § 56-11-101(b)(1) and § 56-11-101(b)(3). See "Comments and Recommendations" for further discussion.

The Company files a holding company registration statement annually, as required by Tenn. Code Ann. § 56-11-105.

ABBREVIATED ORGANIZATIONAL CHART

The following abbreviated organizational chart shows the members of the holding company group as listed within the Company's 2022 Annual Statement:



CORPORATE RECORDS

The minutes of meetings of the Company's shareholder, Board, and Committees were reviewed for the period under examination. The minutes were complete as to necessary detail and appear to adequately reflect the acts of the respective bodies. Per Tenn. Code Ann. § 56-3-408(b)(1), no investment or loan, except premium finance loans, shall be made by any such insurance company, unless the investment or loan has first been authorized by the Board or by a committee appointed by the Board and charged with the duty of supervising the investment or loan. Based on the review of the Board's 2022 minutes, the Company was not in compliance with Tenn. Code Ann. § 56-3-408(b)(1) as there was no documentation of the Board approving the Company's investments throughout 2022. See "Comments and Recommendations" for further discussion.

Charter

The Charter of the Company, in effect as of December 31, 2022, is the Company's Amended and Restated Charter which was filed with the Tennessee Secretary of State on October 6, 2021. The amendment authorized the Company to have two (2) classes of shares, designated as Common Stock and Preferred Stock. The total number of shares of Common Stock which the Company is authorized to issue is ten million (10,000,000) shares with a par value of such shares at \$5.00 per share. The total number of shares of Preferred Stock which the Company is authorized to issue is twenty million (20,000,000) shares with no par value per share. There were no other changes to the Company's Charter during the examination period.

Subsequent to the examination period, the Company amended its Charter which was filed with the Tennessee Secretary of State on August 9, 2023. The amendment changed the par value of the shares of Preferred Stock to \$0.01 per share.

Bylaws

The Bylaws of the Company in effect as of December 31, 2022, are the Company's Amended and Restated Bylaws amended June 11, 2022. The Bylaws provide for an annual shareholders' meeting at which a Board is elected. Officers are elected by the Board. The Bylaws are such as generally found in corporations of this type and contain no unusual provisions. The Bylaws provide for the regulation of the business and for the conduct of the affairs of the Company, the Board, and its shareholders.

SIGNIFICANT AGREEMENTS

The Company had the following significant agreements in effect, as of December 31, 2022:

Administration Services Agreement

Effective November 16, 2020, the Company entered into an Administrative Services Agreement ("Agreement") with Universal Fidelity Life Insurance Company (UFLIC). UFLIC provides services including, but not limited to, policyholder services, accounting, premium billing, payment of claims, other policy benefits, and supervisory and clerical services as required by the Company. UFLIC is located in Oklahoma City, Oklahoma.

TERRITORY AND PLAN OF OPERATION

TERRITORY

The Company is a stock for-profit insurance company domiciled in Tennessee and licensed to transact business in the following states as of December 31, 2022:

Alabama	Alaska	Arizona	Arkansas
Georgia	Louisiana	Massachusetts	Mississippi
Nebraska	Nevada	New Mexico	North Dakota
Ohio	Oklahoma	Pennsylvania	Tennessee
Texas	West Virginia	Wyoming	

Certificates of Authority granted by the licensed states were reviewed and found to be in force as of December 31, 2022. Premium tax records were reviewed for a sample of states in which the Company writes business, and no exceptions were noted.

The Company was admitted into the following states subsequent to the exam period:

Indiana Iowa Missouri Montana

The Company currently has approximately ten (10) applications pending for admission to other states or territories.

PLAN OF OPERATION

From the time of the acquisition by ACG in July 2020 through June 2022, the Company's only business was a small block of runoff credit life and disability business. The Company sold a small number of annuities in 2021 and beginning in the second quarter of 2022, the Company began selling single premium deferred annuities with interest crediting rates guaranteed for a period of three (3), five (5), seven (7), or ten (10) years, depending on the options selected by the annuity holder. These annuities were multi-year guaranteed annuity (MYGA) products. In 2022, the Company produced forty-seven million dollars (\$47,000,000) of gross annuity premium and became licensed in nineteen (19) states. In 2023, the Company began selling additional annuity products including fixed indexed annuities (FIA), income-focused annuities, and other asset-intensive life products.

GROWTH OF COMPANY

The following exhibit depicts certain aspects of the growth and financial history of the Company for the period subject to this examination, according to its annual statements filed with the TDCI. *(Note: Failure of the columns to add to the totals reflected in this Report is due to rounding):*

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Premiums and Annuity Considerations</u>	<u>Net Income</u>
2022	\$62,991,045	\$49,945,401	\$13,045,644	\$46,938,586	(\$2,138,062)
2021	\$15,112,216	\$78,156	\$15,034,060	\$66,319	\$14,064

LOSS EXPERIENCE

As developed from applicable amounts included in the Company's annual statements, the ratios of losses and loss adjustment expenses (LAE) incurred to earned premiums, for the period subject to this examination were as follows:

	<u>2022</u>	<u>2021</u>
Net incurred claims	\$480,094	\$0
Net premiums earned	\$46,938,589	\$66,319
Loss experience ratio	1%	0%

REINSURANCE AGREEMENTS

Assumed Reinsurance

The Company did not assume any reinsurance as of December 31, 2022.

Ceded Reinsurance

The Company did not have any reinsurance in place as of December 31, 2022. See "Subsequent Events" for further discussion for reinsurance entered into during 2023.

ACCOUNTS AND RECORDS

During the course of the examination, certain balances were tested, and amounts were traced from the Company's trial balance to the annual statement. The Company's investment securities were confirmed with the custodian of such securities as of the date of this examination. All annual statements for the period under examination were reviewed for completeness and adequacy of disclosure. The Company's risk-based capital filings were reviewed. These test checks and reviews revealed no material discrepancies, other than those discrepancies noted within the "Comments and Recommendations" section of this report.

The Company's books and records are located in Knoxville, Tennessee.

MARKET CONDUCT ACTIVITIES

A market conduct review was made of the Company, as of December 31, 2022, in conjunction with this examination. The following items were addressed:

Operations and Management Standards

Company antifraud initiatives were examined to determine if they are reasonably designed to prevent, detect, or mitigate fraudulent insurance acts. Company procedures and policies relating to privacy were reviewed to determine compliance with Tenn. Code Ann. § 56-8-104(19). No issues were noted.

Complaint Handling Standards

The Company's complaint register was examined for compliance with Tenn. Code Ann. § 56-8-104(11) and the NAIC *Market Regulation Handbook* ("Market Handbook"). The Company did maintain a complaint register, although no complaints had yet been received from Tennessee policyholders.

Marketing and Sales Standards

A sample of the Company's advertising materials were selected for examination including print, internet materials, and PowerPoint presentations issued by the Company to target consumers, agents, brokers, and financial institutions. Advertising items were examined in accordance with Tenn. Code Ann. § 56-8-104(1) and the Market Handbook and were found to be in compliance.

A sample of annuity sales transactions were reviewed to determine if the appropriate suitability disclosures were provided. The Company failed to comply with Tenn. Comp. R. & Regs 0780-01-86.06 and to have the appropriate disclosures submitted within the annuity contracts. See "Comments and Recommendations" for further discussion.

Producer Licensing Standards

Tenn. Code Ann. § 56-6-101, *et seq.*, requires the Company to sell its products and services through producers who are properly licensed and appointed by the Company. In the examination of producer licensing, a random sample of producers were selected, and their state issued licensure and appointment by the Company were verified. Tenn. Code Ann. § 56-6-115 requires the Company to file a notice of appointment within fifteen (15) days from the date the agency contract is executed, or the first insurance application is submitted.

In the sample of producers examined, there were instances where the Company did not appoint all producers within fifteen (15) days from the date of the first insurance application being submitted. It was also noted that the Company's record of producers'

date of appointment did not match filings submitted to the TDCI. See “Comments and Recommendations” section later in this report.

Policyholder Services Standards

The Company’s timeliness of policy issuance, cancelations, surrenders, response to policyholder requests, provision of adequate disclosures, and compliance with applicable statutes and rules were examined. The Company was found to be not in compliance with the relevant market conduct standards due to failure to maintain adequate records in accordance with Tenn. Comp. R. & Regs 0780-01-05. See “Comments and Recommendations” section later in this report.

Underwriting and Rating Standards

In the examination of the Company’s underwriting procedures and policy administration, policy files for open and closed policies for annuity contracts were reviewed in accordance with Tenn. Code Ann. § 56-7-2311 and Tenn. Comp. R. & Regs 0780-01-86. Underwriting procedures and policy administration conducted by the Company appear to be in compliance with established Company guidelines.

The examiners requested the suitability report which is required to be produced by the Company on an annual basis pursuant to Tenn. Comp. R. & Regs 0780-01-86.06. The Company failed to produce the suitability report that details a review, with appropriate testing, reasonably designed to determine the effectiveness of the supervision system, the exceptions found, and corrective action taken or recommended, if any. See “Comments and Recommendations” section later in this report.

Claims Handling Standards

In the examination of claims handling practices, the Company’s efficiency of claim handling, accuracy of payment, adherence to contract provisions, and compliance with applicable statutes and rules were examined. The Company failed to produce any formal claims handling procedures that establish timeliness standards for acknowledging claims, or provision of necessary claims forms and instructions to claimants. The Company had not established detailed claim procedures to provide processing guidance for the various claim types. The Company has not complied with Tenn. Code Ann. § 56-8-105(2) and Tenn. Comp. R. & Regs 0780-01-05-.07, pertaining to unfair claims and settlement practices.

The examination tested five (5) surrenders and the Company failed to comply with Tenn. Comp. R. & Regs 0780 01-05-.05 regarding record keeping and proof of payment. See “Comments and Recommendations” section later in this report.

SUBSEQUENT EVENTS

During the examination, a review of subsequent events was performed. The Company entered into a funds withheld coinsurance agreement with Warwick Re in 2023 for approximately fifty-five percent (55%) of all in-force business and forty percent (40%) of future flow. The Company also entered into a funds withheld coinsurance agreement with Converge Re for approximately twenty percent (20%) of all in-force business and forty percent (40%) of future flow. In total, the Company achieved seventy-five percent (75%) total reinsurance of all in-force business and has reinsurance for eighty percent (80%) of future flow.

In 2023, the Company received paid in surplus in the amount of \$7,492,500 which was due to the Company issuing seven hundred fifty thousand (750,000) shares of preferred stock with a par value of \$0.01 to IFLIC 1 in exchange for \$7,500,000.

FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, surplus, and other funds, and a summary of operations, as of December 31, 2022, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2022 Annual Statement. *(Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)*

ASSETS

	<u>Assets</u>	<u>Non-Admitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$11,017,895		\$11,071,895
Preferred stocks	3,506,233		3,506,233
Common stocks	1,035,840		1,035,840
Mortgage loans on real estate	33,706,906		33,706,906
Cash, cash equivalents, and short-term investment	11,690,103		11,690,103
Aggregate write-ins for invested assets	630,562	\$10,318	620,244
Investment income due or accrued	428,538		428,538
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	14,798		14,798
Current federal and foreign income tax recoverable and interest thereon	6,191		6,191
Net deferred tax asset	826,622		826,622
Receivables from parent, subsidiaries, affiliates	<u>137,675</u>		<u>137,675</u>
Totals	<u>\$63,001,363</u>	<u>\$10,318</u>	<u>\$62,991,045</u>

LIABILITIES, SURPLUS, AND OTHER FUNDS

Aggregate reserve for life contracts		\$48,621,514
Current federal and foreign income taxes		446,393
Amounts withheld by company as agent or trustee		671,345
Miscellaneous liabilities:		
Asset valuation reserve (AVR)		168,655
Aggregate write-ins for liabilities		<u>37,494</u>
Total Liabilities		\$49,945,401
Common capital stock	\$1,000,000	
Preferred capital stock	14,000	
Surplus notes		
Gross paid in and contributed surplus	13,986,000	
Unassigned funds (surplus)	<u>(1,954,356)</u>	
Total Capital and Surplus		<u>13,045,644</u>
Totals		<u><u>\$62,991,045</u></u>

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and A&H	\$46,938,586	
Net investment income	1,914,725	
Amortization of Interest Maintenance Reserve (IMR)	(118)	
Aggregate write-ins for miscellaneous income	<u>477,500</u>	
Total Income		<u>\$49,330,693</u>
Annuity benefits	480,231	
Disability benefits and benefits under A&H contracts	(859)	
Surrender benefits and withdrawals for life contracts	277,638	
Increase in aggregate reserves for life and A&H	<u>48,560,197</u>	
Total Benefits		49,317,207
Commissions on premiums and annuity considerations	1,364,394	
General insurance expenses	443,875	
Taxes, licenses and fees, excluding federal income taxes	135,497	
Aggregate write-ins for deductions	<u>(236,879)</u>	
Total Expenses		<u>1,706,887</u>
Total Benefits and Expenses		<u>51,204,094</u>
Net gain from operations before dividends to policyholders and federal income taxes		<u>(1,693,401)</u>
Net gain from operations after dividends to policyholders and before federal income taxes		(1,693,401)
Federal and foreign income taxes incurred		<u>446,393</u>
Net gain from operations after dividends and income taxes and before realized capital gains or (losses)		(2,139,794)
Net realized capital gains or (losses) less capital gain tax		<u>1,732</u>
Net Income		<u>(\$2,138,062)</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2022</u>	<u>2021</u>
Capital and Surplus		
December 31, previous year	<u>\$15,034,060</u>	<u>\$2,248,881</u>
Net income or (loss)	(2,138,062)	14,064
Change in net unrealized capital gains or (losses)	(522,853)	(15,655)
Change in net deferred income tax	826,622	-
Change in non-admitted assets	(10,318)	7,901
Change in asset valuation reserve	(155,293)	(8,795)
Other changes in surplus in Separate Accounts Statement	-	4,100
Capital adjustment: Paid in	14,000	-
Capital adjustment: Transferred to surplus	-	(4,500)
Surplus adjustment: Paid in	(32,564)	12,788,064
Aggregate write-ins for gains and losses in surplus	<u>30,053</u>	<u>-</u>
Net change in capital and surplus for the year	<u>(1,988,415)</u>	<u>12,785,179</u>
Capital and Surplus		
December 31, current year	<u>\$13,045,645</u>	<u>\$15,034,060</u>

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Assets reported by the Company as of 12/31/2022	<u>\$62,991,045</u>
Increase	0
Decrease	(297,555)
Assets per examination as of 12/31/2022	<u>\$62,693,490</u>
Capital and Surplus reported by the Company as of 12/31/2022	<u>\$13,045,644</u>
Increase	0
Decrease	(297,555)
Capital and Surplus per examination as of 12/31/2022	<u>\$12,748,089</u>

Statements of Statutory Accounting Principles (SSAP) 37 states "Loans shall not be reported at an amount greater than the fair value of the property." SSAP 100R Paragraph four (4) states "Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

The examination identified certain mortgage loans held as of December 31, 2022, where the Company reported the value of the land and buildings within its financial statements utilizing the projected renovation value instead of the "as is" valuation reported within the appraisal. As the Company utilized the projected renovation value which would occur at a future date after renovations and not the "as is" value, which was the valuation at the measurement date, the Company was not complying with SSAP 37 and SSAP 100R. As such, the Company should be reporting its mortgage loan balances in accordance with applicable SSAPs. There were two (2) instances where mortgage loan balances exceeded one hundred percent (100%) loan to value of the fair value of the property and therefore, the excess amount over one hundred percent (100%) would be non-admitted as there is no collateral for the excess amount of the loans, as identified above. The excess amount over one hundred percent (100%) of these two (2) loans is the total of the non-admitted amount shown in the table above, which is decreased from the Company's assets and capital and surplus for this examination.

COMMENTS AND RECOMMENDATIONS

The following list presents a summary of comments and recommendations noted in this report:

Comments

1. The engagement letter with the Company's independent CPA for 2022 contained two (2) indemnification clauses. Indemnification clauses with the CPA are in violation of Tenn. Comp. R. & Regs. 0780-01-65-.08(1)(b).

The Company amended its engagement letter with its CPA to remove the indemnification clauses during the examination.

2. As part of the examination process, examiners calculate the NAIC recommended fidelity bond coverage amount. As of December 31, 2022, the Company maintained a fidelity bond, however, the fidelity bond coverage amount did not meet the NAIC minimum suggested amount.

The Company increased its fidelity bond coverage during the examination to meet the NAIC minimum recommended amount.

3. During review of the Raymond James Custodial Agreement, it was noted that the Custodial Agreement was missing required provisions/approvals set forth within Tenn. Comp. R. & Regs. 0780-01-46-.02.

The Company amended its Custodial Agreement during the examination to include all required provisions/approvals set forth within Tenn. Comp. R. & Regs. 0780-01-46-.02.

4. As stated in Tenn. Code Ann. § 56-11-101(b)(1): "Affiliate" of, or person "affiliated" with, a specific person, means a person that directly, or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, the person specified. As stated in Tenn. Code Ann. § 56-11-101(b)(3):

(A) "Control" including "controlling," "controlled by", and "under common control with" means the possession, direct or indirect, of the power to direct, or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods, or non-management services, or otherwise, unless the power is the result of an official position with or corporate office held by the person.

- (B) "Control" shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing ten percent (10%) or more of the voting securities of any other person. This presumption may be rebutted by a showing made in the manner provided by Tenn. Code Ann. § 56-11-105(k) that control does not exist in fact. The commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support the determination that control exists in fact, notwithstanding the absence of a presumption to that effect.

ACG retains one hundred percent (100%) voting share of Farmers Life Insurance Company, which is owned by Ben Jacobs and Shira Jacobs. However, based on the significant funding through the investment of non-voting preferred stock through IFLIC 1 (an affiliate of the O5 Group), the placement of a significant amount of mortgage loan investments originated by IceCap Group (an affiliate of the O5 Group), and the apparent control over the management and operations of Farmers Life Insurance Company through the employment contract with Ben Jacobs through Ice Lender Holdings, LLC, it appears that the O5 Group, through Ice Lender Holdings, LLC and/or IceCap Group, should be deemed the Ultimate Controlling Person as of the examination date due to the apparent control they have over the operations and leadership of ACG and Farmers Life Insurance Company pursuant to Tenn. Code Ann. § 56-11-101(b)(1) and § 56-11-101(b)(3).

Subsequent to the examination, the employment agreement between Ben Jacobs and Ice Lender Holdings, LLC was terminated, and Ben Jacobs became an employee of the Company. It is advised that the Company file a Disclaimer of Control for the O5 Group/Oved Family as the Ultimate Controlling Person in accordance with Tenn. Code Ann. § 56-11-101(b)(1), § 56-11-101(b)(3), and § 56-11-105(k).

Recommendations

1. The NAIC Annual Statement Instructions state that the Appointed Actuary must report to the Board or Audit Committee each year on the items within the scope of the Actuarial Opinion. Based on the review of the minutes, there was no documentation that the Appointed Actuary reported to the Board or Audit Committee, nor any documentation of the Board reviewing and accepting the Actuarial Opinion and/or Actuary Report. The Company was not in compliance with the NAIC Annual Statement Instructions and Tenn. Code Ann. § 56-1-501(b).

It is recommended that the Company's Appointed Actuary report to the Board or Audit Committee each year on the items within the scope of the Actuarial Opinion. The presentation by the Appointed Actuary must be documented in the Company's Board or Audit Committee minutes in accordance with the NAIC Annual Statement Instructions and Tenn. Code Ann. § 56-1-501(b).

2. The NAIC Annual Statement Instructions state that the state of domicile regulatory authority may dictate the required officers, directors, trustees, and any other positions to be listed on the Jurat Page. It was noted that the Directors elected at the 2022 Annual Shareholder Meeting did not match the Directors listed on the 2022 Annual Statement Jurat Page.

It is recommended that the Company correctly identify the Directors elected at the Annual Shareholder Meeting on the Company's Annual Statement Jurat Page per the NAIC Annual Statement Instructions and Tenn. Code Ann. § 56-1-501(b).

3. Tenn. Code Ann. § 56-3-408(b)(1) states "No investment or loan, except premium finance loans, shall be made by any such insurance company, unless the investment or loan has first been authorized by the Board or by a committee appointed by the Board and charged with the duty of supervising the investment or loan." Based on the review of the Board 2022 minutes, the Company was not in compliance with Tenn. Code Ann. § 56-3-408(b)(1) as there was no documentation of the Board approving the Company's investments throughout 2022.

It is recommended that the Company's Board approve the investment transactions in accordance with its documented responsibilities and in accordance with Tenn. Code Ann. § 56-3-408(b)(1) by ensuring that the corporate meeting minutes document the review and approval of the transactions.

4. Tenn. Code Ann. § 56-3-303(a)(19)(A) states "Except as otherwise authorized by subdivisions (a)(4)(B), (10), (15), (16)(A), (17), (18), (22), and (24), an insurer may under this section and Tenn. Code Ann. § 56-3-304 acquire obligations of, preferred stock or an equity interest in, or incur counterparty exposure amounts to any one (1) business entity, or as to asset-backed securities, secured by or evidencing an interest in a single asset or pool of assets, but not to exceed three percent (3%) of the insurer's admitted assets; and provided, that investments and transactions that are subject to subdivisions (a)(3)(B)(i), (a)(4)(A)(iii)(a), and (a)(20)(B) shall be taken into account in determining compliance with this subdivision (a)(19)(A)." Based on the review of the Company's investments as of

December 31, 2022, the Company reported six (6) individual mortgage loans with loan amounts in excess of three percent (3%) of total admitted assets.

It is recommended that the Company comply with Tenn. Code Ann. § 56-3-303(a)(19)(A) by not acquiring any obligations that exceed three percent (3%) of the Company's admitted assets, subject to Tenn. Code Ann. §-56-3-303(a)(15).

5. Per Tenn. Code Ann. § 56-1-501(g), "Financial statements or information required by this part shall be prepared in accordance with the NAIC *Accounting Practices and Procedures Manual* ("APP Manual") in effect for the period covered by the report". Per SSAP 37, "Loans shall not be reported at an amount greater than the fair value of the property." Per SSAP 100R paragraph four (4) "Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The examination identified instances where the Company reported the value of the land and buildings within its financial statements utilizing the projected renovation value instead of the "as is" valuation reported within the appraisal. As the Company utilized the projected renovation value which would occur at a future date after renovations and not the "as is" value, which was the valuation at the measurement date, the Company was not complying with SSAP 37 and SSAP 100R.

It is recommended that the Company report the valuation of the land and buildings within its financial statements in accordance with SSAP 37 and SSAP 100R and prepare its financial statements pursuant to Tenn. Code Ann. § 56-1-501(g).

6. Per Tenn. Code Ann. § 56-1-501(g), "Financial statements or information required by this part shall be prepared in accordance with the NAIC APP Manual in effect for the period covered by the report". Therefore, the Company is required to comply with SSAPs, including SSAP 37 and SSAP 100R as described above, and report its mortgage loan values in accordance with applicable SSAPs. There were instances where the Company's mortgage loan investments would exceed seventy-five percent (75%) of the value of the property. Per Tenn. Code Ann. § 56-3-303(11)(A) "Subject to subdivision (a)(11)(C), in loans, or participations in loans, secured by first mortgages, or second mortgages so long as the insurer holds the first mortgages that are senior to the second mortgages, upon improved, unencumbered real property, or upon leasehold estates in improved real property in the United States, not exceeding, however, seventy-five percent (75%) of the value of the property or leasehold estate, repayable in not more than thirty (30) years." There were instances of mortgage loans held by the Company as of

December 31, 2022, that exceeded seventy-five percent (75%) of the value of the property in violation of Tenn. Code Ann. § 56-3-303(11)(A).

It is recommended that the Company comply with Tenn. Code Ann. § 56-1-501(g) and file its financial statements in accordance with the NAIC APP Manual. It is further recommended that the Company comply with Tenn. Code Ann. § 56-3-303(a)(11)(A) by ensuring that no mortgage loan exceeds seventy-five percent (75%) of the value of the property, subject to Tenn. Code Ann. §-56-3-303(a)(15).

7. Pursuant to Tenn. Comp. R. & Regs 0780-01-86.06(3)(b)9 regarding suitability in annuity transactions, “The insurer shall annually provide a report to senior management, including to the senior manager responsible for audit functions, which details a review, with appropriate testing, reasonably designed to determine the effectiveness of the supervision system, the exceptions found, and corrective action taken or recommended, if any.” The Company failed to file the annual suitability report per Tenn. Comp. R. & Regs 0780-01-86.06(3)(b)9.

It is recommended that the Company annually file the suitability report that details a review, with appropriate testing, reasonably designed to determine the effectiveness of the supervision system, the exceptions found, and corrective action taken or recommended, if any per Tenn. Comp. R. & Regs 0780-01-86.06(3)(b)9.

8. Tenn. Comp. R. & Regs 0780-01-86 requires certain suitability disclosures to be submitted to policyholders upon issuance of the policy. The examination identified instances where the Company failed to include the appropriate disclosures upon issuance of the policy to the policyholder.

It is recommended that the Company comply with Tenn. Comp. R. & Regs 0780-01-86 by making all required disclosures upon issuance of policies to policyholders.

9. Tenn. Code Ann. § 56-6-115(c) states “To appoint a producer as its agent, the appointing insurer shall file, in a format approved by the commissioner, a notice of appointment within fifteen (15) days from the date the agency contract is executed, or the first insurance application is submitted.” The Company failed to appoint all producers within a timely manner. Also, it was noted that the Company’s record of producers’ date of appointment did not match filings submitted to the TDCI.

It is recommended that the Company comply with Tenn. Code Ann. § 56-6-115(c) by filing a notice of appointment within fifteen (15) days from the date the agency contract is executed, or the first insurance application is submitted.

Additionally, it is recommended that the Company comply with Tenn. Code Ann. § 56-8-104(10) and maintain adequate records of producer appointments and education records.

10. Tenn. Code Ann. § 56-8-105(3) states that “Failing to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies” constitutes an unfair claims practice. The Company failed to produce evidence of procedures detailing claims handling and settlement procedures establishing timeliness standards and processing procedures for the various claim types.

It is recommended that the Company comply with Tenn. Code Ann. § 56-8-105(3) by adopting detailed claims handling procedures, which include standards for acknowledging claims in a timely manner and standards for processing various types of claims. The procedures should also include information regarding the process of ensuring that claimants are provided the necessary forms and instructions for filing claims, and reasonable assistance in filing claims as required by Tenn. Comp. R. & Regs 0780-01-05.07(4).

11. Tenn Comp. R. & Regs 0780-01-05-.05(2) states “Documentation shall be contained in each claim file in order to permit reconstruction of the insurer’s activities relative to each claim.” Tenn. Comp. R. & Regs 0780-01-05.11(4) states “The insurer shall affirm or deny liability on claims within a reasonable time and shall offer payment within thirty (30) days of affirmation of liability if the amount of the claim is determined and not in dispute. If portions of the claim are in dispute, the insurer shall tender payment for those portions that are not disputed within thirty (30) days.” The examination tested five (5) surrenders and the Company failed to comply with Tenn. Comp. R. & Regs 0780-01-05-.05 regarding record keeping and proof of payment.

It is recommended that the Company comply with Tenn. Comp. R. & Regs 0780-01-05-.05 by maintaining adequate record keeping and proof of payment.

CONCLUSION

Rules and procedures as prescribed by the statutes of the State of Tennessee and guidance from the NAIC Handbook, as deemed appropriate, have been followed in connection with the verification and valuation of assets and the determination of liabilities of Farmers Life Insurance Company.

In such manner, it was found that as of December 31, 2022, the Company had admitted assets of \$62,693,490 and liabilities, exclusive of capital and surplus, of \$49,945,401. Thus, there existed for the protection of the policyholders, the amount of \$12,748,089 in the form of common capital stock, preferred capital stock, gross paid in and contributed surplus, and unassigned funds. Tenn. Code Ann. §§ 56-2-114 and 56-2-115 require an insurer of this Company's type to maintain a minimum capital of \$1,000,000 and minimum surplus of \$1,000,000, respectively. For this examination, as of December 31, 2022, the Company maintains capital and surplus sufficient to satisfy those requirements.

The courteous cooperation of the officers and employees of the Company, extended during the course of the examination, is hereby acknowledged.

In addition to the undersigned, Shelli Isiminger, FLMI, AIRC, ACS, MCM, CICS, APIR, AIE; Nneka LaBon, APIR, MCM; Rhonda Bowling-Black, CFE, ARe, MCM; Insurance Examiners from the State of Tennessee; Mike Mayberry, FSA, MAAA of the actuarial and contracting firm Lewis & Ellis, LLC, Plano, Texas; and Joe Detrick, CPA, CISA, CFE, AES of the firm Jennan Enterprises, LLC participated in the work of this examination.

Respectfully submitted,

Ryne Davison
Ryne Davison (Jul 30, 2024 15:52 CDT)
Ryne Davison, CFE
Examiner-in-Charge
Lewis & Ellis, LLC

A. Jay Uselton
A. Jay Uselton (Jul 30, 2024 15:58 CDT)
A. Jay Uselton, CFE
Department Designee
State of Tennessee

CERTIFICATION

The undersigned certifies and says that he has duly executed the attached examination report of Farmers Life Insurance Company located in Knoxville, Tennessee, dated June 24, 2022, and made as of December 31, 2022, on behalf of the Tennessee Department of Commerce and Insurance. The undersigned further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information and belief.

Ryne Davison

Ryne Davison (Jul 30, 2024 15:52 CDT)

Ryne Davison, CFE
Examiner-in-Charge
Lewis & Ellis, LLC.
Representing the State of Tennessee

CERTIFICATION

The undersigned certifies and says that he has duly executed the attached examination report of Farmers Life Insurance Company located in Knoxville, Tennessee, dated June 24, 2022, and made as of December 31, 2022, on behalf of the Tennessee Department of Commerce and Insurance. The undersigned further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information and belief.

A. Jay Uselton
A. Jay Uselton (Jul 30, 2024 15:58 CDT)
A. Jay Uselton, CFE
Department Designee
State of Tennessee

EXHIBIT B



FARMERS LIFE INSURANCE COMPANY

Farmers Life Insurance Company
243 North Peters Rd.
Knoxville, TN 37923
865-444-0613

07/31/2024

E. Joy Little
Director of Financial Examinations/Chief Examiner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, TN 37243-1135

RE: Report of Examination – Farmers Life Insurance Company

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for Farmers Life Insurance Company, made as of December 31, 2022.

By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,

Benjamin Jacobs

Ben Jacobs, CEO