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**ANNUAL REPORT OF THE  
MISSOURI LIFE AND HEALTH INSURANCE  
GUARANTY ASSOCIATION  
FOR THE YEAR ENDING DECEMBER 31, 2009**

The Annual Report of the Missouri Life and Health Insurance Guaranty Association (the "Association") for the year ending December 31, 2009 is herewith submitted to the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration ("DIFP") and the Board of Directors.

**GENERAL**

As of December 31, 2009, there were 864 companies licensed to sell life, health, or annuity contracts and by the terms of sections 376.715 to 376.758, Revised Statutes of Missouri, are deemed to be members of the Association. Of the member companies, 489 had authority to sell life insurance, 812 had authority to sell health insurance, and there was one health service corporation.

**2009 MEETINGS**

The Annual Meeting of the Membership was held on May 20, 2009. As a course of business for this meeting, three members were elected to serve on the Board of Directors for a term that will expire in 2012. Those members are:

American Family Mutual Insurance Company  
Representative: David Monaghan

Blue Cross/Blue Shield of Kansas City  
Representative: Steven R. Bledsoe

Shelter Life Insurance Company  
Representative: Patricia McDonald

On the same date, the Board of Directors elected the following officers to serve for a term of one year, or until a successor is duly elected:

| <u>NAME</u>                        | <u>COMPANY</u>                             |
|------------------------------------|--|
| Patricia McDonald, Chair           | Shelter Life Insurance Company             |
| Sonya Ekart, Vice-Chair            | Lincoln Benefit Life Company               |
| Carol Gilmore, Secretary-Treasurer | Farm Bureau Life Insurance Co. of Missouri |

In accordance with Article III, B, 2, of the Plan of Operation (the "Plan"), the officers of the Association constitute the Executive Committee. A full roster of the Board of Directors accompanies this report.

Also during 2009, the Executive Committee continued the practice of meeting regularly on a quarterly basis. Under Article III, B, 2, of the Plan, it is contemplated that the Executive Committee will be involved with the ongoing functions and the administrative duties of the Association as may occur between meetings of the Board of Directors. Minutes of all meetings of the Member Insurers, the Board of Directors, and the Executive Committee are on file at the office of the Association in Jefferson City, Missouri.

**OFFICE OF THE EXECUTIVE DIRECTOR**

During 2009, the Association was primarily focused on the insolvency of the Lincoln Memorial Life Insurance Company. This insolvency has presented new demands on the Association in terms of interaction with third party consumers and tracking claim activity. As a result, the Association has developed enhanced technological tools to provide efficient and expedient consumer service. The Association is currently capable of accessing the systems of the defunct insurer. Further, a claim system unique to this insolvency was developed to facilitate the tracking of individual claims and claim payments.

There are several member companies that are in court ordered rehabilitation in their domiciliary states. Those companies are Shenandoah Life Insurance Company, Standard Life of Indiana and PennTreaty Network America Insurance Company/American Network Insurance Company. While not presenting the Association with the issues of an insolvent member, these companies have required considerable monitoring along with providing responses to consumers. The Association continues to closely track these companies in the event there is a further deterioration of their financial condition.

The Association closed the records for one estate on December 31, 2009. Having received copies of the appropriate formal orders from courts, the Association closed the estates by making fund balance transfers to or from the Miscellaneous Estates fund. The closed estate was Monarch Life Insurance Company (MA). The following information represents the accumulated financial activity of the closed estate and the aggregate impact of the closing entries:

|  |                |                |
|--|----------------|----------------|
| Cost of Covered Contractual Obligations:   | \$0            |                |
| Estate Expenses:   | <u>\$8,787</u> |                |
| <i>Total Cost of the Estates:</i>  |                | <u>\$8,787</u> |
| Assessments from members:  | \$0            |                |
| Post-liquidation Premium:  | <u>\$0</u>     |                |
| <i>Revenues from Operations:</i>   |                | <u>\$0</u>     |
| Revenues from Investing:   | \$0            |                |
| Assets Recovered from Estates:   | \$0            |                |
| Transfers from Other Estates:  | <u>\$9,100</u> |                |
| <i>Total Revenues from Other Sources:</i>  |                | <u>\$9,100</u> |
| Transfers to Other Estates:  |                | \$0            |
| <u><i>Residual funds as of December 31, 2009 transferred to other estates:</i></u> |                | <u>\$313</u>   |

The Association is an active member of National Organization of Life and Health Insurance Guaranty Associations and the Executive Director has represented the Association by serving on the following technical task forces and committees:

**Accounting Issues Committee**  
**Assessment Data Task Force (Chair)**  
**MPC Executive Committee**

In addition to these groups, the Association has also been active on the following task forces that are dealing with specific insolvencies:

**American Western Life Insurance Company (Chair)**  
**Benicorp Insurance Company**  
**Lincoln Memorial Life Insurance Company**  
**Thunor Trust Companies**  
**Universe Life Insurance Company**

### **FINANCIAL REPORTS**

The financial statements for the fiscal year ending December 31, 2009, for both the Class A and Class B Funds are attached to this report. In addition to the basic financial statements, there are Supplemental Statements of Revenues, Expenses and Net Assets that represent the year-end status of each Class B estate. The report also includes Accumulative Statements of Revenue, Expenses, and Net Assets that depict the financial activity of each insolvency since its inception. These statements are unaudited.

Pursuant to the requirements of Article V, E, of the Plan, the Association retains an independent accounting firm to perform an annual audit of its financial records. The firm of Williams-Keepers, L.L.C., Jefferson City, Missouri, has been retained to conduct the annual audit of the financial records of the Association as of the year ending December 31, 2009. Copies of the audit report can be obtained by contacting the Association's office.

### **2009 CLASS A ASSESSMENT**

The Board is authorized under section 376.735 to make either a pro-rata or a non-pro-rata Class A assessment of the membership for the purpose of providing the funding to cover administrative expenses. The Association allocates administrative expenses among all insolvencies. It was not necessary to levy a Class A assessment during 2009.

## 2009 CLASS B INSOLVENCY ASSESSMENT

During 2009 there was one assessment made in accordance with section 376.735, Revised Statutes of Missouri, for the purpose of funding the Association's requirements with respect to insolvent member insurers. The following information is a breakdown of the amounts assessed by insolvent estate and by account.

| <u>COMPANY NAME</u>                   | <u>ANNUITY</u> | <u>HEALTH</u> | <u>LIFE</u>  | <u>TOTAL</u> |
|---------------------------------------|----------------|---------------|--------------|--------------|
| <u>Lincoln Memorial Life Ins. Co.</u> | \$0            | \$0           | \$18,000,000 | \$18,000,000 |
| Totals                                | \$0            | \$0           | \$18,000,000 | \$18,000,000 |

## OPEN INSOLVENCIES

Article V, C, of the Plan, requires that the Annual Report contain a review of the activities of the Association during the preceding year. The following vignettes are intended to fulfill that requirement and to update the membership with regard to the status of each estate that had significant and material activity during the calendar year 2009. Also, a listing of all open estates is included for the memberships' reference.

|  |  |
|--|--|
| <u>1988</u><br>First Columbia Life Ins. Co. (LA)   | <u>1999</u><br>First National Life Ins. Co. of America (MS)<br>International Financial Services Life Ins. Co. (MO) |
| <u>1989</u><br>American Mutual Liability Ins. Co. (MA)   | <u>2000</u><br>American Chambers Life Ins. Co. (OH)  |
| <u>1991</u><br>Executive Life Ins. Co. (CA)<br>Fidelity Bankers Life Ins. Co. (VA)<br>Midwest Life Ins. Co. (LA) | <u>2001</u><br>Reliance Insurance Co. (PA)   |
| <u>1993</u><br>American Integrity Ins. Co. (PA)<br>Consumers United Life Ins. Co. (DE)                           | <u>2003</u><br>Legion Insurance Co. (PA)   |
| <u>1994</u><br>National Heritage Life Ins. Co. (DE)  | <u>2004</u><br>London Pacific Life & Annuity Co. (NC)  |
| <u>1996</u><br>Confederation Life Ins. Co., U.S. (MI)  | <u>2006</u><br>Shelby Casualty Insurance Company (TX)  |
| <u>1997</u><br>American Western Life Ins. Co. (UT)   | <u>2007</u><br>Benicorp Insurance Company (IN)   |
| <u>1998</u><br>Centennial Life Ins. Co. (KS)<br>Universe Life Ins. Co. (ID)                                      | <u>2008</u><br>Lincoln Memorial Life Insurance Co. (TX)  |
|  | <u>2009</u><br>Medical Savings Insurance Company (IN)  |

## **SUMMARY COMMENTS ON ESTATES WITH SIGNIFICANT AND MATERIAL ACTIVITY**

### **Continental Security (Peoples Mutual Assessment Business)**

The Association continues to handle all the administration of this block of business. As of the end of 2009, there were 494 active policies that represented approximately 1,000 insured lives. The total number of death claims paid was 53. Administrative expenses were approximately 200% of policyholder assessments and 72% percent of the total expenses of the estate.

### **Executive Life Insurance Company**

In April of 2009 the Association paid the Eighteenth Installment Billing, in the amount of \$1,624,698. These annual payments are made under the Enhancement Agreement that allowed for the preservation of policyholder benefits of this former member insurer.

In the long running litigation between the California Commissioner of Insurance and Artemis, S.A., the Ninth Circuit Court of Appeals reversed a lower court's ruling and remanded the case for retrial on two issues. First, the trial court is to reconsider the validity of the fact that the Commissioner would have selected the guaranty association proposal for handling the insolvency of Executive Life if there had been knowledge of the fraud of Altus at the time the selection was made. Second, the retrial will also address the issue of damages. The first ruling had voided the punitive damages that were awarded due to the lack of any compensatory damages being established.

There was extensive briefing on the specific issues to be tried in the retrial and what the new jury will be told about the findings of the original jury. The trial was set to commence on November 3, 2009; however, on August 17, 2009, the judge vacated the trial date. He did this because he did not have sufficient resources to devote to the case in order to resolve the pending motions. A new trial date has not yet been set.

Also during 2009, there were extensive discussions with the California Liquidation Office regarding claim valuation issues for claims against the estate. It was agreed that certain distributions from the estate should have been treated as proceeds from the sale of securities as opposed to other asset recoveries. Under this characterization, \$8.2 million in previous distributions would be reallocated with interest to reflect the delay in payment. Under this reallocation, the affected guaranty associations are entitled to approximately 75% of the amount.

### **First National Life Insurance Company of America**

See the "*Thunor Trust*"

### **International Financial Services Life Insurance Company**

See the "*Thunor Trust*"

## **Life and Health Insurance Company of America**

In 2008 the Liquidator distributed the remaining assets in this Pennsylvania domiciled insurer's estate and the estate was closed. The Association recovered approximately 49% of paid claims and 100% of expenses. There are still active policies and claims that remain the covered obligations of the Association.

This was the Association's first insolvency with a substantial amount of long term care insurance exposure. Policy administration and claims payments continued to be handled for the guaranty associations by a third party administrator. Efforts were made during 2009 to market the business. They were not successful.

## **Lincoln Memorial Life Insurance Company**

On September 22, 2008, the Texas Department of Insurance obtained an order of liquidation from the Travis County Circuit Court in Texas. The order placed the defendants, Lincoln Memorial Life Insurance Company ("Lincoln Memorial"), Memorial Services Life Insurance Company and National Prearranged Services, Inc. ("NPS"), in liquidation. Lincoln Memorial was licensed in 44 states. Memorial Service Life Insurance Company was only licensed in Texas. The insurance companies were part of a holding company system and had a direct relationship with the affiliate NPS, that sold pre-need funeral plans.

The nature of the liquidation plan is one of a compromise and settlement that addresses regulatory concerns and orders issued against the company during late 2007 and early 2008. The special deputy receiver entered into an administrative service agreement with the affected guaranty associations to handle the claims processing.

Since October 22, 2008, the effective date of the liquidation order, the Association has paid 4,354 claims. The policies are small face amounts that are used to support the pre-need contracts.

During 2009 the Association agreed to participate with other affected guaranty associations in litigation against numerous defendants involved with the operations and professional oversight of the defunct companies. Civil litigation has been filed in the Eastern Federal District Court in St. Louis, Missouri. The complaint seeks recoveries under the federal Racketeering Influenced and Corrupt Organizations Act. It is anticipated that the litigation may extend for as many as five years before its conclusion.

In other related actions, the federal government has indicted two individuals on criminal charges in relation to this insolvency. The defendants are Randall Sutton and Nikol Province. Both individuals held significant positions in the operation of the pre-need funeral seller.

The Special Deputy Receiver in this matter has been negotiating with various reinsurers for the insurance companies. Through settlements, funds have been paid to the estates. It is anticipated that the receiver will agree to make a distribution of assets to the affected guaranty associations under an Early Access Agreement. This could occur by the middle of 2010.

## Medical Savings Insurance Company

On February 26, 2009, the Indiana court entered an order moving the company from rehabilitation to liquidation. The majority of the business was cancellable within thirty days from the date of the liquidation order. The receiver entered into a contract with affected guaranty associations to handle the runoff of existing claims. The unique aspect of this insolvency is that this is the first insolvency to involve company managed health savings accounts. However, the company was not active in Missouri, even though it held a certificate of authority. At this point, it does not appear that there are Missouri liabilities.

## Thunor Trust

Ten years ago, state insurance regulators seized the seven companies making up the Thunor Trust. The involved companies were as follows:

| <u>Company</u>  | <u>State of Domicile</u> |
|---|--------------------------|
| Family Guardian Life Insurance Company                  | Mississippi              |
| First National Life Insurance Company of America        | Mississippi              |
| Franklin Protective Life Insurance Company              | Mississippi              |
| Farmers and Ranchers Life Insurance Company             | Oklahoma                 |
| Franklin American Life Insurance Company                | Tennessee                |
| Old Southwest Life Insurance Company                    | Arkansas                 |
| International Financial Services Life Insurance Company | Missouri                 |

During 2009 the receiver for the Missouri estate worked toward collecting expense information and resolving outstanding claims issues. At the end of the year, the affected guaranty associations were in active dialogue with the receiver to resolve matters related to administrative expense claims filed in the estate.

Likewise, the other estates are moving toward refining their distribution potential. As in Missouri, this requires resolving any outstanding issues related to the administrative expense claims of the affected guaranty associations. It is anticipated that this process will be resolved in 2010.

Litigation against various defendants is still moving forward. In 2008 the Mississippi federal court granted the Dreyfus Service Corporation ("Dreyfus"), the financial investment firm servicing the accounts of the defunct insurance companies, summary judgment. The matter was appealed to the Fifth Circuit Court of Appeals. Just after the end of 2009, the appeals court reversed the trial court ruling on the Dreyfus case. This action restored claims by the receivers against Dreyfus that could total in excess of \$100 million. It is certain that Dreyfus will pursue further action on this ruling. There are still other suits in various stages of development involving these estates representing asset recovery efforts on the part of the liquidators.

## LITIGATION

As of December 31, 2009, there was no active litigation where the Association is a defendant. The Association is a plaintiff along with other guaranty associations affected by the insolvency of Lincoln Memorial Life Insurance Company, Memorial Services Life Insurance Company and National Pre-Arranged Services, Inc. The Special Deputy Receiver for this insolvency is also a joint plaintiff. The litigation is pending in the United States District Court for the Eastern District of Missouri.

**Missouri Life & Health Insurance Guaranty Association**  
**Class A Fund Only**  
**Statement of Financial Position**  
**for the periods ending December 31, 2009 & 2008**

|                              | ASSETS        |             |
|------------------------------|---------------|-------------|
|                              | 2009          | 2008        |
| Current Assets               |               |             |
| Cash and Cash Equivalents    | 5,492.53      | 37,424.43   |
| Inter-Company Receivable     | 82,664.25     | 41,437.12   |
| Accounts Receivable          | 532.86        | 0.00        |
| Due from NOLHGA              | 0.00          | 0.00        |
| Prepaid Expenses             | 6,488.41      | 3,202.03    |
| Property and Equipment       |               |             |
| Equipment                    | 63,233.83     | 66,015.94   |
| Accumulated Depreciation     | (53,604.72)   | (47,728.39) |
| Total Property and Equipment | 9,629.11      | 18,287.55   |
| Other Assets                 |               |             |
| Total Assets                 | \$ 104,807.16 | 100,351.13  |

**LIABILITIES AND NET ASSETS**

|                                |               |            |
|--------------------------------|---------------|------------|
| Current Liabilities            |               |            |
| Accounts Payable               | \$ 0.00       | 0.00       |
| 401K Deductions Withheld       | 4,456.03      | 0.00       |
| Vacation Accrual               | 45,064.00     | 30,768.46  |
| Total Liabilities              | 49,520.03     | 30,768.46  |
| Net Assets                     | 55,287.13     | 69,582.67  |
| Total Liabilities & Net Assets | \$ 104,807.16 | 100,351.13 |

Missouri Life & Health Insurance Guaranty Association  
Class A Fund Only  
Comparative Statement of Activity  
for the periods ending December 31, 2009 & 2008

|                                | CURRENT YEAR      | PRIOR YEAR        |
|--------------------------------|-------------------|-------------------|
| <b>REVENUES</b>                |                   |                   |
| Assessment Income              | \$ 0.00           | 0.00              |
| Abated Assessments             | 0.00              | 0.00              |
| Interest Income                | 98.50             | 403.08            |
| Misc. Income                   | 318.71            | 151.05            |
| Allocations to Estates         | 305,786.58        | 211,790.99        |
| Allocations to MOPCIGA         | 0.00              | 0.00              |
|                                | 306,203.79        | 212,345.12        |
| <b>EXPENSES</b>                |                   |                   |
| Uncollectible Assessments      | 0.00              | 0.00              |
| General & Admin Expense        | 7,443.80          | 3,067.36          |
| Rent                           | 9,091.50          | 8,148.20          |
| Bank Fees                      | 0.00              | 0.00              |
| Utilities                      | 1,410.16          | 1,287.52          |
| Audit Fees                     | 17,100.00         | 9,000.00          |
| Legal Fees                     | 24,523.71         | 911.19            |
| Computer Support               | 2,405.93          | 1,269.59          |
| MO State Examination Expenses  | 0.00              | 0.00              |
| Depreciation Expense           | 2,221.29          | 2,858.09          |
| Dues, Fees & Subscriptions     | 2,181.60          | 2,424.92          |
| Employee Benefits              | 35,076.22         | 20,159.09         |
| Vacation Accrual               | 0.00              | 0.00              |
| HSA Funding                    | 0.00              | 0.00              |
| 401K Company Contribution      | 12,772.38         | 9,786.78          |
| Insurance                      | 1,625.61          | 1,396.55          |
| Printing                       | 395.42            | 814.64            |
| Postage                        | 1,194.87          | 961.95            |
| Contractor Services            | 0.00              | 1,168.55          |
| Salary Expense/Joint Employees | 0.00              | 0.00              |
| Salaries                       | 162,247.97        | 123,374.56        |
| Office Supplies                | 6,636.57          | 2,375.78          |
| Telephone & Fax                | 2,990.44          | 2,655.49          |
| Taxes - Employer's FICA        | 11,299.25         | 9,023.98          |
| Tax - Unemployment             | 1,688.90          | 389.21            |
| Travel Expense                 | 3,898.17          | 11,271.67         |
| (Gain)Loss/Sale of Equipment   | 0.00              | 0.00              |
|                                | 306,203.79        | 212,345.12        |
| <b>Total Expenses</b>          | <b>306,203.79</b> | <b>212,345.12</b> |
| <b>Net Income</b>              | <b>\$ 0.00</b>    | <b>0.00</b>       |

**Missouri Life & Health Insurance Guaranty Association**  
**Class B Fund Only**  
**Statement of Financial Position**  
**for the periods ending December 31, 2009 & 2008**

| <b>ASSETS:</b>               | <u>December 31, 2009</u> | <u>December 31, 2008</u> |
|------------------------------|--------------------------|--------------------------|
| Current Assets:              |                          |                          |
| Cash & Cash Equivalents      | 7,405,356.48             | 2,197,284.95             |
| Accounts Receivable          | 2,517,848.14             | 290,096.16               |
| Other Short Term Investments | 23,774,159.05            | 26,828,138.33            |
|                              | <hr/>                    | <hr/>                    |
| Total Current Assets         | 33,697,363.67            | 29,315,519.44            |
| Long Term Assets:            |                          |                          |
| Unbilled Assessments         | 159,585,796.16           | 0.00                     |
| Long Term Investments        | 0.00                     | 0.00                     |
|                              | <hr/>                    | <hr/>                    |
| Total Long Term Assets       | 159,585,796.16           | 0.00                     |
| Total Assets                 | <u>\$ 193,283,159.83</u> | <u>\$ 29,315,519.44</u>  |

**LIABILITIES AND NET ASSETS:**

|                                |                          |                         |
|--------------------------------|--------------------------|-------------------------|
| Accounts Payable               | 53,881.50                | 25,250.11               |
| Funds Held for Others          | 0.00                     | 256.00                  |
| Notes Payable                  | 1.00                     | 1.00                    |
| Estimated Claims Payable       | 183,715,886.60           | 23,156,788.63           |
|                                | <hr/>                    | <hr/>                   |
| Total Liabilities              | 183,769,769.10           | 23,182,295.74           |
| Net Assets                     | <hr/>                    | <hr/>                   |
|                                | 9,513,390.73             | 6,133,223.70            |
| Total Liabilities & Net Assets | <u>\$ 193,283,159.83</u> | <u>\$ 29,315,519.44</u> |

**Missouri Life & Health Insurance Guaranty Association**  
**Class B Fund Only**  
**Statement of Activities**  
**for the periods ending December 31, 2009 & 2008**

|   | CURRENT YEAR     | PRIOR YEAR      |
|---|------------------|-----------------|
| <b>CHANGES IN NET ASSETS:</b>                 |                  |                 |
| <b>REVENUES:</b>                              |                  |                 |
| Assessment Income                             | \$ 17,998,350.00 | \$ 0.00         |
| Change in Unbilled Asmnts                     | 159,585,796.16   | 0.00            |
| Premium Income                                | 2,547,666.31     | 301,984.49      |
| Investment Income                             | 165,152.24       | 897,198.60      |
| Liquidation Distributions                     | 342,727.00       | 5,172,372.69    |
| Ceding Allowance                              | 0.00             | 0.00            |
| Misc Income                                   | 0.00             | 0.00            |
|   | <hr/>            | <hr/>           |
| Total Revenues                                | 180,639,691.71   | 6,371,555.78    |
|   | <hr/>            | <hr/>           |
| <b>EXPENSES:</b>                              |                  |                 |
| Claims and Claims Handling:                   |                  |                 |
| Policyholder Claims                           | 10,982,591.93    | 8,273,131.06    |
| Assumption Reins Ceding Costs                 | 1,624,698.00     | 1,626,701.00    |
| Change in Est. Claims                         | 160,559,097.97   | (2,525,946.35)  |
| Professional/Consult Fees                     | 2,683,996.72     | 55,844.70       |
|   | <hr/>            | <hr/>           |
| Total Claims & Claims Handling                | 175,850,384.62   | 7,429,730.41    |
| NOLHGA Expenses                               | 1,068,295.00     | 419,887.00      |
| General & Administrative                      | 340,845.06       | 218,018.86      |
|   | <hr/>            | <hr/>           |
| Total Expenses                                | 177,259,524.68   | 8,067,636.27    |
|   | <hr/>            | <hr/>           |
| Increase/(Decrease) in Net Assets             | 3,380,167.03     | (1,696,080.49)  |
| Beginning Net Assets<br>as of January 1, 2009 | 6,133,223.70     | 7,829,304.19    |
|   | <hr/>            | <hr/>           |
| Ending Net Assets                             | \$ 9,513,390.73  | \$ 6,133,223.70 |
|   | <hr/> <hr/>      | <hr/> <hr/>     |
| <b>December 31, 2009</b>                      |                  |                 |

**Missouri Life & Health Insurance Guaranty Association**  
**Class B Fund Only**  
**Statement of Cash Flow**  
**For the twelve Months Ended December 31, 2009**

|  |                       |
|--|-----------------------|
| <b>Cash Flows from Operating Activities</b>                                      |                       |
| Net Inc(Dec) in Fund Balance   | \$ 3,380,167.03       |
| Adjustments to reconcile net income to net cash provided by operating activities |                       |
| Dec(Inc) in Inter-Acct Rec.  | (945,675.71)          |
| Dec(Inc) in Accts. Rec.  | (1,282,076.27)        |
| Inc (Dec) in Accts Pay   | 28,375.39             |
| Inc(Dec) in Est. Claims Pay.   | 160,559,097.97        |
| Dec(Inc) in Unbilled Asmts.  | (159,585,796.16)      |
| Total Adjustments  | <u>(1,226,074.78)</u> |
| Net Cash provided by Operations  | <u>2,154,092.25</u>   |
| <br><b>Cash Flows from Investing Activities</b>                                  |                       |
| Proceeds(Costs) of Bonds   | 3,053,979.28          |
| Proceeds(Cost) of Stock  | 0.00                  |
| Dec(Inc) in Money Market   | (5,209,000.00)        |
| Proceeds(Costs) Other Invest   | 0.00                  |
| Net cash used in investing   | <u>(2,155,020.72)</u> |
| <br><b>Cash Flows from Financing Activities</b>                                  |                       |
| Refunds due Companies  | 0.00                  |
| Dec(Inc)Notes Payable  | 0.00                  |
| Net cash from financing  | <u>0.00</u>           |
| Net increase <decrease> in cash  | <u>(928.47)</u>       |
| <br><b>Summary</b>   |                       |
| Beginning Cash Balance   | 1,284.95              |
| Ending Cash Balance  | <u>356.48</u>         |
| Net increase(decrease) in cash   | <u>(928.47)</u>       |