EXHIBIT A

STATE OF TENNESSEE

DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION

OF THE

AMERICAN CONTINENTAL INSURANCE COMPANY

(NAIC # 12321)

FRANKLIN, TENNESSEE 37067

AS OF

DECEMBER 31, 2014

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Franklin, Tennessee
April 8, 2016

Honorable Julie Mix McPeak
Commissioner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

Dear Commissioner:

Pursuant to your instructions and in accordance with Tenn. Code Ann. § 56-1-408, regulations, and resolutions adopted by the National Association of Insurance Commissioners (NAIC), a full-scope financial examination has been made of the condition and affairs of:

AMERICAN CONTINENTAL INSURANCE COMPANY
NAIC # 12321
800 Crescent Centre Drive, Suite 200
Franklin, Tennessee 37067

hereinafter generally referred to as the "Company", and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Commissioner of the Tennessee Department of Commerce and Insurance (TDCI), commenced on September 1, 2015, and was conducted by duly authorized representatives of the TDCI and representatives of Noble Consulting Services, Inc. This examination was called through the NAIC's Financial Examination Electronic Tracking System (FEETS).

SCOPE OF EXAMINATION

The last examination of the Company was made as of December 31, 2009. This examination report covers the period from January 1, 2010, through December 31, 2014, and includes any material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* and practices and procedures of the TDCI. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated, both currently and prospectively.

All accounts and records of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination, an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as required by Tenn. Code Ann. § 56-1-411(c)(1), and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report, but were separately communicated to other regulators and/or the Company.

An examination of the Company's information systems was conducted in conjunction with this financial examination by the consulting firm of Noble Consulting Services, Inc. The actuarial firm of Lewis & Ellis, Inc. was engaged in the review of the Company's loss reserves. Workpapers of the Company's independent auditor, KPMG LLP, were reviewed and relied upon, whenever possible, to assist in the completion of examination procedures.

The Company provided a letter of representation, dated as of the date of this report, certifying that management has disclosed all significant matters. The letter is included in the workpapers of this examination.

COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS

The previous examination report, which was made as of December 31, 2009, contained one (1) comment which was addressed by the Company prior to the completion of the previous examination report. Below is a description of the previous examination report's comment:

Comments

The Custodial Agreement with Bank of New York did not contain the required language as referenced in Tenn. Comp. R. & Regs. 0780-01-46-.03(2)(a)(4). It was recommended to the Company that the agreement be modified to fully comply with this regulation. An amendment, containing the language required by Tenn. Comp. R. & Regs. 0780-01-46-.03(2)(a)(4), was executed prior to the completion of the examination.

COMPANY HISTORY

The Company was incorporated on March 18, 2005, under the Tennessee Business Corporation Act, as a for-profit corporation authorized to transact business in the State of Tennessee. The Company's original Charter authorized five million (5,000,000) shares of common stock with a par value of $1.00 per share.

On July 6, 2005, Continental Life Insurance Company of Brentwood, Tennessee (CLICB) purchased one million (1,000,000) shares of the Company's common stock at a purchase price of $3.20 per share, for a total of $3,200,000, of which $1,000,000 was capital stock and $2,200,000 was gross paid in and contributed surplus.

On May 1, 2006, all outstanding shares of Continental Insurance Services, Inc., the parent company of CLICB, were purchased by Genworth Life Insurance Company (GLIC), which is an indirect wholly-owned subsidiary of Genworth Financial, Inc. ("Genworth").

On November 30, 2006, the Company sold five hundred thousand (500,000) additional shares of its authorized common capital stock to CLICB for $500,000 in cash. On December 31, 2006, CLICB contributed $5,292,209 in the form of securities to the Company's gross paid in and contributed surplus. An additional contribution of $2,675 to gross paid in and contributed surplus was noted in the 2007 Annual Statement, which was a correction to the amount contributed in 2006. On December 12, 2008, CLICB contributed $7,000,000 in cash to the Company's gross paid in and contributed surplus. On June 23, 2009, and again on December 20, 2009, CLICB made contributions of $10,000,000 to the Company's gross paid in and contributed surplus.

Through September 30, 2011, the Company was a wholly-owned subsidiary of CLICB, which was a wholly-owned subsidiary of GLIC. On October 1, 2011, pursuant to a Stock Purchase Agreement dated June 12, 2011, GLIC sold all of CLICB's outstanding common capital stock to Aetna, Inc. ("Aetna"), a publicly held company, making Aetna the ultimate parent company of the Company.

During the period of 2012 through 2014, the Company received the following capital contributions from CLICB:

Date	Amount
December 26, 2012	$15,000,000
September 27, 2013	$10,000,000
December 27, 2013	$ 6,000,000
June 20, 2014	$16,000,000
September 29, 2014	$11,000,000
December 26, 2014	$17,000,000
Total	$75,000,000

MANAGEMENT AND CONTROL

MANAGEMENT

Directors

The Company's Bylaws state that an annual meeting of the Shareholders shall be held each year at which the Shareholders shall elect a Board of Directors ("Board") and that the number of directors shall not be less than three (3).

The duly elected directors serving at December 31, 2014, were as follows:

NAME	OCCUPATION
Steven Louis Hendrich	Senior Vice President, General Counsel and Secretary American Continental Insurance Company
Stephen Burnett Jones	Chief Financial Officer American Continental Insurance Company
Tyree Scott Wooldridge	President and Chief Executive Officer American Continental Insurance Company

The number of directors serving was in compliance with the Company's Charter.

Officers

The Bylaws of the Company state that the Board shall annually elect a Chairman of the Board, President, Vice President, Secretary, and Treasurer. The offices of President and Secretary may not be held by the same person.

As of December 31, 2014, the following persons held office in the Company:

NAME	OFFICE
Tyree Scott Wooldridge	President and Chief Executive Officer
Stephen Burnett Jones	Chief Financial Officer
Steven Louis Hendrich	Senior Vice President, General Counsel and Secretary
Michael Allen Atchison	Senior Vice President
Kevin James Casey	Senior Investment Officer
Elaine Rose Cofrancesco	Treasurer
Edward Chung-I Lee	Vice President and Assistant Secretary
Brad Everett Shelton	Controller

CORPORATE RECORDS

Minutes of meetings of the Board were reviewed for the period under examination, as well as minutes for meetings of the Audit Committee. Such minutes appear to be in proper order and accurately report the proceedings of each respective meeting. The review of the minutes indicates that all investment transactions were approved by the Board.

Charter

The Company's original Charter was filed and recorded with the Tennessee Secretary of State on March 18, 2005, after having been approved by the TDCI on March 10, 2005. Effective April 17, 2012, the Charter was amended to reflect the Company's new address at 800 Crescent Center Drive, Suite 200, Franklin, Tennessee.

According to the Charter, the Company was organized "...to engage in the business of insurance as a principal, including but not limited to life insurance and accident and health insurance, and to engage in any other lawful business under the laws of the State of Tennessee."

Bylaws

The Bylaws of the Company were adopted by the Board on March 18, 2005, and have not been amended. The Bylaws provide for an annual Shareholders meeting at which a Board is elected. The business and affairs of the Company shall be managed by the Board. The number of directors shall not be less than three (3) nor more than fifteen (15). The Board may designate an executive committee or such other committees it deems desirable.

CONTROL

The Company had five million (5,000,000) shares of common stock with $1.00 par value authorized, with one million, five hundred thousand (1,500,000) shares issued and outstanding to CLICB as of December 31, 2014. All outstanding shares of CLICB are owned by Aetna, a publicly traded, Connecticut domiciled holding company. Aetna is traded on the New York Stock Exchange using ticker symbol: AET. The Company relies on Aetna and other affiliated companies for services under various agreements.

ORGANIZATIONAL CHART

The following abbreviated organizational chart shows affiliated entities in the Aetna, Inc. group, as of December 31, 2014:

	NAIC Co. Code	Domiciliary State
Aetna Inc.		PA
Aetna Health Holdings, LLC		DE
Aetna Financial Holdings, LLC		DE
Aetna Life Insurance Company	60054	CT
Aetna Health and Life Insurance Company	78700	CT
Aetna Risk Indemnity, Ltd		BMU
Aetna Health Insurance Company	72052	PA
Aetna Health Insurance Company of New York	84450	NY
Health Re, Inc.	12980	VT
Healthagen LLC		CT
Phoenix Data Center Hosting Services LLC		DE
Active Health Management, Inc.		DE
Health Data & Management Solutions, Inc.		DE
Aetna Integrated Informatics, Inc.		PA
ASI Wings, LLC		DE
AUSHC Holdings, Inc.		CT
PHPSNE Parent Corporation		DE
Continental Life Insurance Company of Brentwood, Tennessee	**68500**	**TN**
American Continental Insurance Company	**12321**	**TN**
Medicity, Inc.		DE
Allviant Corporation		DE
Novo Innovations, LLC		DE
Aetna International Inc.		CT

DIVIDENDS

The Company did not pay any ordinary or extraordinary dividends to Shareholders during the examination period.

PECUNIARY INTEREST AND CONFLICTS OF INTEREST

The Company has a conflict of interest policy for its directors, officers, and responsible employees, which prohibits officers and directors from having pecuniary interest in the investment or disposition of Company funds in accordance with Tenn. Code Ann § 56-3-103. The directors, officers, and responsible employees file annual conflict of interest statements. These statements were reviewed for the period under examination. No exceptions were noted.

MANAGEMENT AND SERVICE AGREEMENTS

Administrative Services Agreement

Effective October 1, 2011, the Company entered into an Administrative Services Agreement (ASA) with Aetna Life Insurance Company (ALIC). The TDCI approved the ASA on January 11, 2012, and the Connecticut Insurance Department approved the ASA on November 28, 2011. Under this agreement, ALIC will provide the Company with the personnel necessary to perform administrative services, including accounting, payment of claims, quality assessment, and pharmacy benefit management services, related to the Company's commercial and Medicare members. This agreement obligates the Company to pay to ALIC the cost of providing such services, as well as interest on outstanding administrative service balances. For 2014 and 2013, the Company incurred $106,901,908 and $57,212,026, respectively, in expenses pursuant to the ASA.

Services and Shared Expenses Agreement

Effective October 1, 2011, the Company entered into a Services and Shared Expenses Agreement (SSEA) with CLICB. Under this agreement, the Company and CLICB agree to share services and expenses, including facilities, data processing, marketing, accounting, and administration of agent and agency matters. The Company and CLICB will make quarterly estimated payments of their respective company's estimated share of common costs, subject to an annual true-up of actual expenses. For the two (2) years ending December 31, 2014 and 2013, the Company received $499,228 and $14,212,650, respectively, from CLICB pursuant to this agreement.

Marketing Agreement

Effective July 14, 2012, the Company entered into a marketing agreement with ALIC. Under this agreement, the Company promotes individual Medicare Part D plans offered by ALIC to their respective sales forces and encourages their producers to refer customers to ALIC for Medicare Part D sales. The marketing agreement obligates ALIC to pay the Company a fixed amount for every sale made by ALIC to a consumer referred to ALIC by a Company appointed producer. In addition, under the marketing agreement, ALIC requested the Company allow ALIC's field service representatives access to sell certain insurance products issued by the Company. The marketing agreement obligates the Company to pay ALIC a one-time payment for every issued policy sold by ALIC's field service representatives. By letter dated June 12, 2012, the Connecticut Insurance Department determined the transaction to be informational in nature, therefore no approval was necessary. The TDCI approved the marketing agreement on September 10, 2012. The Company received $6,160 and $12,245 related to Medicare Part D plans, and paid $2,820 and $475 for the field service representatives program in 2014 and 2013, respectively.

Unconditional Guaranty Agreement

An unconditional guaranty agreement between the Company and CLICB was executed on August 29, 2008, as a precondition to the approval of the Company's application for a certificate of authority to operate as an insurer in the State of North Carolina. Under the terms of the agreement, CLICB agrees that it will maintain the capital and surplus of the Company at the greater of the financial admission requirements or the risk-based capital requirements set out in North Carolina statute. The agreement is to extend for a minimum of three (3) years after the Company is issued a certificate of authority in North Carolina or until the Company can provide a Report on Examination that certifies three (3) consecutive years of net gain from operations, whichever occurs last.

Litigation Exposures Agreement

The Company has coverage for certain litigation exposures ($10,000,000 per claim and in the aggregate, including defense costs) through an affiliated captive insurance company.

Tax Sharing Agreement

Effective June 15, 2012, the Company was included in the consolidated federal income tax return of its parent company, Aetna, and Aetna's other wholly-owned subsidiaries, pursuant to the terms of a tax sharing agreement. In accordance with this agreement, the Company's current federal and state income provisions are generally computed as if the Company was filing a separate federal and state income tax return; current income tax benefits, including those resulting from net operating losses, are recognized to the extent realized in the consolidated return. Pursuant to this agreement, the Company has the enforceable right to recoup federal and state income taxes paid in prior years in the event of future net losses, which they may incur, or to recoup their net losses carried forward as an offset to future net income subject to federal and state income taxes.

FIDELITY BOND AND OTHER INSURANCE

As of December 31, 2014, the Company maintained a crime policy with a single loss limit of liability of $10,000,000 and a deductible of $5,000,000, which is in excess of the amount suggested by guidelines published in the NAIC *Financial Condition Examiners Handbook.* Coverage includes premises, in transit, forgery or alteration, forgery and alteration of securities and other instruments, counterfeit currency, claims and audit expense, agents of life insurance companies, servicing contractors/third party administrators, trading loss, defective signatures on real property mortgages, and computer theft.

The Company had other types of coverage in-force at December 31, 2014, including but not limited to, property coverage, security and privacy insurance, directors and officers liability and corporate reimbursement coverage, general liability, automobile liability, workers' compensation/employer's liability, and professional liability coverage. All of the above policies were issued by companies licensed to transact business in the State of Tennessee.

EMPLOYEE BENEFITS AND PENSION PLANS

The Company has no employees of its own. All services are provided by affiliates under an Administrative Services Agreement.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2014, the Company was licensed in Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia, Wisconsin, and Wyoming.
In addition to its authorized writings, the Company also collects premiums in other states due to geographical moves by policyholders.

Shown below are the figures for direct premiums by state in which the Company operated for the year ending December 31, 2014, as reported in Schedule T of the Company's Annual Statement:

State	Life Premiums	Accident and Health Premiums
Alabama	$1,205,173	$1,392,772
Alaska	2,711	6,267
Arizona	334,077	13,531,786
Arkansas	552,631	6,194,912
California	17,494	249,076
Colorado	300,111	3,707,206
Connecticut	1,940	22,822
Delaware	2,418	93,457
District of Columbia	0	9,824
Florida	2,327,102	1,079,484
Georgia	3,376,602	209,489
Hawaii	0	6,613
Idaho	335	32,740
Illinois	2,045,534	48,823,087
Indiana	1,244,155	9,211,211
Iowa	374,681	68,772
Kansas	593,659	23,522,661
Kentucky	1,770,012	11,136,665
Louisiana	499,213	3,860,205
Maine	0	24,754
Maryland	4,534	89,351
Massachusetts	1,548	55,022
Michigan	2,155,852	15,245,821
Minnesota	390,781	97,803
Mississippi	585,677	21,137,860
Missouri	923,898	6,956,753
Montana	66,104	8,478,697
Nebraska	93,918	17,642,580
Nevada	51,613	946,610
New Hampshire	89	18,672
New Jersey	5,683	275,135
New Mexico	139,759	514,125
New York	3,762	49,592
North Carolina	2,720,571	25,506,092

North Dakota	4,046	1,089,645
Ohio	1,694,929	7,554,037
Oklahoma	300,855	3,995,914
Oregon	0	74,568
Pennsylvania	1,818,207	32,266,544
Rhode Island	1,073	6,548
South Carolina	2,581,659	18,478,203
South Dakota	51,495	1,985,112
Tennessee	2,642,953	7,369,066
Texas	2,819,205	9,613,287
Utah	12,280	81,238
Vermont	423	6,573
Virginia	766,551	30,276,035
Washington	4,944	134,587
West Virginia	245,296	43,185
Wisconsin	576,176	2,917,911
Wyoming	4,626	2,670,962
US Virgin Islands	116	0
	$35,316,471	**$338,761,331**

Plan of Operation

The Company and its parent company, CLICB, primarily market Medicare supplement products and final expense life insurance. The Company has been the primary writer of new Medicare supplement insurance. The operations of the Company are a part of Aetna's Health Care segment.

GROWTH OF COMPANY

The following exhibit depicts certain aspects of the growth and financial history of the Company since the previous examination, according to Annual Statements filed with the TDCI:

	Premiums & Annuity Considerations	Net Income	Admitted Assets	Surplus
2014	$378,740,285	($12,693,787)	$177,247,515	$86,358,972
2013	$300,559,158	($13,517,599)	$127,158,668	$51,275,378
2012	$178,695,970	($6,036,985)	$98,197,380	$57,533,060
2011	$133,025,835	($11,953,978)	$84,653,528	$49,650,977
2010	$107,080,985	($10,926,163)	$61,338,959	$38,645,482
2009	$66,488,469	($11,552,132)	$36,738,562	$16,356,841

MORTALITY AND LOSS EXPERIENCE

The table below shows the mortality and loss experience as of December 31, 2014, for each year under examination:

Life:

Ordinary Life	2014	2013	2012	2011	2010
Net Death Benefits	$9,853,103	$4,309,012	$1,707,192	$731,354	$23,530
Less-Reserves Released by Death	465,916	148,875	42,278	4,232	268
Actual Death Benefits Incurred	9,387,187	4,160,137	1,664,914	727,122	23,262
Divided by Expected Mortality	11,534,998	6,066,838	4,185,944	1,842,781	400,069
Mortality Experience Ratio	81.38%	68.57%	39.77%	39.46%	5.81%

Accident & Health:

Other Accident & Health	2014	2013	2012	2011	2010
Net Incurred Claims	$253,738,635	$204,271,825	$115,696,454	$96,512,183	$79,673,601
Net Premiums Earned	338,687,019	271,106,753	159,747,601	122,705,241	104,302,658
Loss Experience Ratio	74.92%	75.35%	72.42%	78.65%	76.39%

REINSURANCE

Assumed Reinsurance

During the period under examination, the Company did not assume any reinsurance.

Ceded Reinsurance

During the period under examination, the Company did not cede any reinsurance.

LITIGATION AND CONTINGENT LIABILITIES

As of December 31, 2014, various lawsuits against the Company have arisen in the normal course of business relating to insurance claims settlements. Contingent liabilities arising from litigation are not considered material in relation to the financial position of the Company.

STATUTORY DEPOSITS

In compliance with statutory and other requirements, the Company maintained deposits with the jurisdictions or custodians named below as of December 31, 2014.

The following are deposits with states where special deposits are for the benefit of all policyholders, claimants, and creditors of the Company:

Where Deposited and Description	Book/Adjusted Carrying Value	Fair Value	Par Value
Georgia:			
US Treasury Note 3.625%, Due 08/15/2019	$ 50,269	$ 54,547	$ 50,000
Nevada:			
US Treasury Note 3.625%, Due 08/15/2019	251,346	272,735	250,000
New Mexico:			
US Treasury Note 0.875%, Due 02/28/2017	109,413	110,266	110,000
North Carolina:			
US Treasury Note 3.25%, Due 07/31/2016	641,824	667,450	640,000
South Carolina:			
US Treasury Note 1.75%, Due 10/31/2020	132,528	136,390	137,000
Tennessee:			
US Treasury Note 0.25%, Due 01/15/2015	2,500,000	2,499,785	2,500,000
US Treasury Note 1.75%, Due 10/31/2020	2,418,186	2,489,083	2,500,000
Virginia:			
US Treasury Note 0.25%, Due 01/15/2015	319,973	320,000	320,000
Total Statutory Deposits	$6,423,539	$6,550,256	$6,507,000

The statutory deposits were confirmed directly with the states holding such deposits.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2013 and December 31, 2014, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2012 through December 31, 2014, were agreed to each year's independent audit report, without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory. The Company was in compliance with Tenn. Code Ann. §§ 56-46-101, *et seq.* (Risk Based Capital for Insurers). Books and records of the Company are kept at:

800 Crescent Centre Drive, Suite 200
Franklin, Tennessee 37067

ACTUARIAL REVIEW

Michael A. Mayberry, FSA, MAAA of Lewis & Ellis, Inc. performed an actuarial examination of the following reserves reported on the Company's balance sheet:

Aggregate reserve for life policies and contracts	
(Page 3, Line 1)	$25,569,058
Aggregate reserve for accident and health policies	
(Page 3, Line 2)	$11,335,335
Liability for deposit-type contracts	
(Page 3, Line 3)	$0
Policy and contract claims	
Life (Page 3, Line 4.1)	$1,367,471
Accident and health (Page 3, Line 4.2)	$27,145,209
Life insurance premiums and annuity considerations	
deferred and uncollected	
(Page 2, Lines 15.1 and 15.2)	$11,495,185
Liability for advanced premiums	
(Page 3, Line 8)	$5,950,091

There were no issues noted with the reserve amounts reported on the Company's balance sheet, nor in the methodology used to obtain those amounts.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of field work which were considered material events requiring disclosure in this Report of Examination.

FINANCIAL STATEMENTS

Here follows a statement of assets, liabilities, and a statement of income as of December 31, 2014, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2014 Annual Statement:

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$156,554,760	$0	$156,554,760
Cash, cash equivalents and short-term investments	4,348,760	0	4,348,760
Contract loans	51,897	0	51,897
Investment income due and accrued	834,911	0	834,911
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	1,305,887	327,338	978,549
Deferred premiums, agents' balances and installments booked but deferred and not yet due	10,516,636	0	10,516,636
Net deferred tax asset	3,962,002	0	3,962,002
Electronic data processing equipment and software	1,367,372	1,367,372	0
Receivables from parent, subsidiaries and affiliates	10,994	10,994	0
Aggregate write-ins for other than invested assets	11,555,244	11,555,244	0
Totals	$190,508,463	$13,260,948	$177,247,515

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	$25,569,058
Aggregate reserve for accident and health contracts	11,335,335
Contract claims:	
Life	1,367,471
Accident and health	27,145,209
Premiums and annuity considerations for life and health contracts received in advance	5,950,091
Contract liabilities not included elsewhere:	
Interest Maintenance Reserve	374,252
Commissions to agents due or accrued	600,062
General expenses due or accrued	3,222,249
Taxes, licenses and fees due or accrued, excluding federal income taxes	1,987,950
Current federal and foreign income taxes	1,980,922
Amounts withheld or retained by company as agent or trustee	488,747
Remittances and items not allocated	802,891
Miscellaneous liabilities:	
Asset valuation reserve	270,926
Payable to parent, subsidiaries and affiliates	9,793,380
Total Liabilities	$90,888,543
Common capital stock	$1,500,000
Gross paid in and contributed surplus	168,367,999
Unassigned funds (surplus)	(83,509,027)
Total Capital and Surplus	$86,358,972
Total Liabilities, Capital and Surplus	$177,247,515

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	$378,740,285
Net investment income	3,165,843
Amortization of Interest Maintenance Reserve (IMR)	89,875
Miscellaneous Income:	
Aggregate write-ins for miscellaneous income	507,430
Totals	382,503,433
Death benefits	9,853,103
Disability benefits and benefits under accident and health contracts	253,738,635
Surrender benefits and withdrawals for life contracts	195,716
Increase in aggregate reserves for life and accident and health contracts	12,051,217
Totals	275,838,671
Commissions on premiums, annuity considerations and deposit-type contract funds	82,542,357
General insurance expenses	24,234,633
Insurance taxes, licenses and fees, excluding federal income taxes	7,855,062
Increase in loading on deferred and uncollected premiums	1,911,119
Totals	392,381,842
Net gain from operations after dividends to policyholders and before federal income taxes	(9,878,409)
Federal and foreign income taxes incurred	2,866,481
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	(12,744,890)
Net realized capital gains (losses)	51,103
Net Income	($12,693,787)

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus, December 31, prior year		$51,275,378
Net income	(12,693,787)	
Change in net deferred income tax	2,343,647	
Change in nonadmitted assets	1,539,964	
Change in asset valuation reserve	(106,230)	
Surplus adjustment: paid in	44,000,000	
Net change in capital and surplus for the year		35,083,594
Capital and surplus, December 31, current year		$86,358,972

RECONCILIATION OF CAPITAL AND SURPLUS

	2014	2013	2012	2011	2010
Capital and surplus, December 31, prior year	$51,275,378	$57,533,060	$49,650,977	$38,645,482	$16,356,841
Net income	(12,693,787)	(13,517,599)	(6,036,985)	(11,953,978)	(10,926,163)
Change in net deferred income tax	2,343,647	1,498,765	(36,310,847)	27,804,386	4,087,933
Change in nonadmitted assets	1,539,964	(1,661,630)	36,378,541	(26,506,265)	(4,987,185)
Change in asset valuation reserve	(106,230)	(109,464)	(55,232)	80,353	(68,173)
Cumulative effect of changes in accounting principles	0	(8,467,754)	0	0	0
Surplus adjustment: paid in	44,000,000	16,000,000	15,000,000	24,365,126	34,507,898
Aggregate write-ins for gains and losses in surplus	0	0	(1,093,394)	(2,784,127)	(325,669)
Net change in capital and surplus for the year	35,083,594	(6,257,682)	7,882,083	11,005,495	22,288,641
Capital and surplus, December 31, current year	$86,358,972	$ 51,275,378	$57,533,060	$49,650,977	$38,645,482

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

There were no recommended changes to the financial statements as of December 31, 2014, based on the results of this examination.

COMMENTS AND RECOMMENDATIONS

Comments

There were no comments noted during the completion of this examination.

Recommendations

There were no recommendations noted during the completion of this examination.

CONCLUSION

The customary insurance examination practices and procedures, as promulgated by the NAIC, have been utilized in connection with the verification and valuation of assets and the determination of liabilities of American Continental Insurance Company.

In such manner, it was determined that, as of December 31, 2014, the Company had admitted assets of $177,247,515, and liabilities, exclusive of capital and surplus, of $90,888,543. Thus, there existed for the additional protection of the policyholders, the amount of $86,358,972 in the form of common capital stock, gross paid-in and contributed surplus, and unassigned funds (surplus).

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, Jim Hattaway, CFE, Examination Supervisor, Thomas Masterson, CFE and Pete Landoll, Insurance Examiners of Noble Consulting Services, Inc., and Bryant Cummings, CFE, Assistant Chief Examiner and Rhonda Bowling-Black, CFE, ARe, Insurance Examiner of the Tennessee Department of Commerce and Insurance participated in the work of this examination. An actuarial review was performed by Michael A. Mayberry, FSA, MAAA, of the actuarial firm Lewis & Ellis, Inc., of Richardson, Texas. A review of the Company's information systems was performed by Vicky Hugo, CPA, CFE, CISA, AES, of Noble Consulting Services, Inc. of Indianapolis, Indiana.

Respectfully submitted,

Paul Ellis

Paul Ellis, CFE
Examiner-in-Charge
Noble Consulting Services, Inc. representing
The State of Tennessee

AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of American Continental Insurance Company dated April 8, 2016 and made as of December 31, 2014, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

Paul Ellis

Paul Ellis, CFE
Examiner-in-Charge
Noble Consulting Services, Inc., representing
The State of Tennessee

State Ohio

County Portage

Subscribed to and sworn before me

this 10 day of June, 2016

A.O.

(NOTARY)

My Commission Expires: 1/11/17

NOTARIAL SEAL STATE OF OHIO
JONATHAN S. ORRILL
NOTARY PUBLIC
STATE OF OHIO
Comm. Expires
January 11, 2017

EXHIBIT B

aetna
Senior Supplemental Insurance

P. O. Box 680579
Franklin, TN 37068-9923
800 264.4000
aetnaseniorproducts.com

June 14, 2016

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 – **American Continental Insurance Company**

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for **American Continental Insurance Company**. By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,

Trey Hancock, Controller