

STATE OF INDIANA)
) SS:
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
OneNation Insurance Company)
120 Monument Circle)
Indianapolis, Indiana 46204)

Examination of OneNation Insurance Company


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Doug Webber, Acting Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of OneNation Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 19, 2010, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of OneNation Insurance Company shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

Date June 17, 2010



Connie Ridinger, CPA, CFE
Chief Examiner/Deputy Commissioner

CERTIFIED MAIL NUMBER: 7004 1160 0000 3839 2293

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
OneNation Insurance Company)
120 Monument Circle)
Indianapolis, Indiana 462004)

Examination of OneNation Insurance Company

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the OneNation Insurance Company (hereinafter "Company") for the time period January 1, 2004 through December 31, 2008.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on May 10, 2010.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on May 19, 2010 and was received by the Company on June 4, 2010.

The Company did not file any objections.

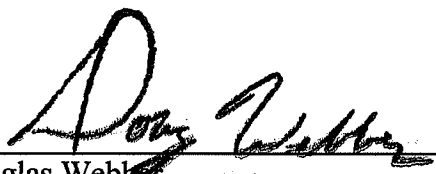
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the OneNation Insurance Company as of December 31, 2008.
2. That the Examiners' Recommendations are reasonable and necessary in order for the OneNation Insurance Company to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed and Sealed this 17th day of
June, 2010.



Douglas Webber
Acting Insurance Commissioner

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

ONENATION INSURANCE COMPANY

NAIC Co. CODE 85286

As of

December 31, 2008

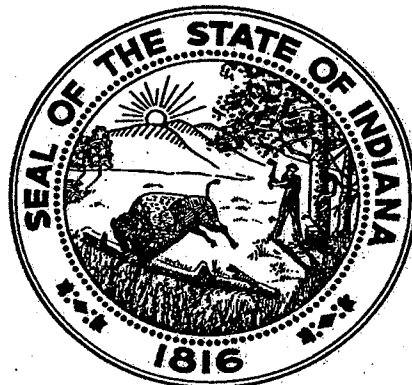


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STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

IDOI

INDIANA DEPARTMENT OF INSURANCE
311 W. WASHINGTON STREET, SUITE 300
INDIANAPOLIS, INDIANA 46204-2787
TELEPHONE: (317) 232-2385
FAX: (317) 232-5251

CAROL CUTTER, Commissioner

May 10, 2010

Honorable Alfred W. Gross
Chair, Financial Condition (E) Committee, NAIC
Commissioner of Insurance
Commonwealth of Virginia
1300 East Main Street
Richmond, Virginia 23219

Honorable Douglas Webber
Acting Commissioner
Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioners:

Pursuant to the authority vested in Appointment Number 3577, an examination has been made of the affairs and financial condition of:

OneNation Insurance Company
120 Monument Circle
Indianapolis, Indiana 46204

hereinafter referred to as the "Company," an Indiana domestic, stock, health insurance company. The examination was conducted at WellPoint, Inc. corporate offices in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2008, is hereby respectfully submitted.

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
(317) 232-2413

COMPANY COMPLIANCE
(317) 233-0697

CONSUMER SERVICES
(317) 232-2395
In-State 1-800-622-4461

EXAMINATIONS / FINANCIAL SERVICES
(317) 232-2390

MEDICAL MALPRACTICE
(317) 232-2402

SECURITIES / COMPANY RECORDS
(317) 232-1991

SCOPE OF EXAMINATION

The Company was last examined by representatives of Noble Consulting Services, Inc. (Noble) as of the period ending December 31, 2004. The present risk-focused examination was conducted by Noble and covered the period from January 1, 2005 through December 31, 2008 and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

Merlinos & Associates, Inc. was appointed by the Indiana Department of Insurance (IDOI) and conducted a review of the Company's statutory reserves as of December 31, 2008. There were no actuarial adjustments or recommendations resulting from the review performed by Merlinos & Associates, Inc.

We conducted our risk-focused examination pursuant to and in accordance with the 2009 NAIC Financial Condition Examiners Handbook (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The working papers prepared by Ernst and Young, LLP; the Company's auditors, in their audit of the Company's accounts for the year ended December 31, 2008 were reviewed. A portion of the auditor's working papers have been incorporated into the working papers of the examiners and have been utilized for the purposes of this examination in accordance with the provisions contained in the Handbook.

HISTORY

The Company was incorporated in Texas on November 15, 1974, as Anthem Alliance Health Insurance Company (Anthem Alliance). In January 2003, Anthem Alliance filed an application with the IDOI to re-domesticate from Texas to Indiana and to change its' name to OneNation Insurance Company. The re-domestication and name change were approved effective October 27, 2003.

The Company was a wholly-owned subsidiary of Anthem Midwest, LLC (Anthem Midwest), whose ultimate parent company was WellPoint, Inc. (WellPoint). Effective December 28, 2006, Anthem Midwest merged with and into ATH Holding Company, LLC (ATH Holding), with ATH Holding as the surviving entity. As a result of this merger the Company is a direct wholly-owned subsidiary of ATH Holding, which is wholly-owned by WellPoint. WellPoint is a publicly traded company and the largest health benefits company in terms of membership in the United States, serving approximately 35 million medical members as of December 31, 2008.

CAPITAL AND SURPLUS

As of December 31, 2008, the Company had 30,000 shares of common stock authorized with a par value of \$100 per share, of which 25,000 shares were issued and outstanding. The Company paid an extraordinary dividend of \$20 million to ATH Holding during 2008.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2008, the Company was licensed in the District of Columbia, the U.S. Virgin Islands, and all fifty (50) states except New York. The Company primarily offers life and dental services to groups and individuals. The Company's revenue is generated primarily as a result of premiums earned from health insurance contracts whereby policyholders are indemnified against losses. The Company incurs expenses primarily from health benefit costs, such as dental visits, and administrative expenses.

The Company has ceded all but a small block of dental business to affiliated, and non-affiliated insurance companies. The cedant insurance companies are responsible for processing and paying claims. On the small block of dental business the Company administers, it bears 100% of the risk. The primary objective is to standardize products and services across all affiliated companies to better manage benefit expense and to minimize administrative expenses.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Net Premium Income</u>	<u>Net Income</u>
2008	\$ 75,178,709	\$ 745,823	\$ 74,432,884	\$ 241,485	\$ 945,858
2007	93,780,472	902,862	92,877,608	264,358	2,104,826
2006	91,463,860	879,682	90,584,177	117,472	4,691,496
2005	95,800,929	10,528,665	85,272,262	2,590,475	8,839,017

The Company administers and bears 100% of the risk on a small block of dental business and has experienced a significant decrease in liabilities during the examination period due to the change in risk and business focus.

Capital and surplus decreased during the examination period primarily due to a \$20 million dividend slightly offset by net income during the period. The dividend was approved by the IDOI on April 18, 2008 payable to the Company's parent, ATH Holding.

The Company's net premium income and net income has significantly decreased during the examination period. The decrease has been driven by the Company's termination of employee assistance program services and the behavioral administration services effective October 2, 2007. The services are now provided by an affiliated company.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors consisting of no less than five (5) and no more than fourteen (14) persons. The shareholders, at the annual meeting, elect the members of the Board of Directors. The following is a listing of persons serving as Directors at December 31, 2008 and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
Cynthia Spade Miller Carmel, Indiana	Executive Vice President, Chief Actuary and Integration Management Officer WellPoint, Inc.
Wayne Scott DeVeydt Indianapolis, Indiana	Executive Vice President and Chief Financial Officer WellPoint, Inc.
Catherine Irene Kelaghan Carmel, Indiana	Vice President and Counsel WellPoint, Inc.
Nancy Louise Purcell Carmel, Indiana	Vice President and Corporate Secretary WellPoint, Inc.
Carter Allen Beck Manchester, New Hampshire	Vice President and Counsel WellPoint, Inc.

Officers

The Company's Bylaws state the officers of the Company, who shall be chosen by the Board of Directors, shall consist of a President, Secretary, and Treasurer. A person may hold more than one office, with the exception of the President and Secretary. The President shall have the authority to appoint administrative officers such as Vice President, Assistant Secretaries, and Assistant Treasurers, to perform such functions and duties as prescribed and approved by the President. The following is a list of key officers and their respective titles as of December 31, 2008:

<u>Name</u>	<u>Office</u>
Kenneth Richard Goulet	President and Chairperson
Robert David Kretschmer	Treasurer
Nancy Louise Purcell	Secretary

CONFLICT OF INTEREST

Officers and Directors are required to review and sign Conflict of Interest statements annually. It was determined that officers and Directors listed in the management and control section of this report have reviewed and signed their statements as of year-end 2008.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every Director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly and diligently administer the affairs of the corporation and will not knowingly violate any of the laws applicable to such corporation. Each Director signed an Oath of Office statement in 2008.

CORPORATE RECORDS

Articles of Incorporation and Bylaws

There were no amendments made to the Articles of Incorporation or Bylaws during the examination period.

Minutes

The Board of Directors and Shareholder meeting minutes were reviewed for the period under examination through the fieldwork date and significant actions taken during each meeting were noted. It was noted that the annual meetings and other regular Board meetings were held in accordance with the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

The following organization chart shows the upstream affiliates from the Company to the ultimate controlling entity:

	<u>NAIC Co.</u>	<u>Domiciliary</u>
	<u>Code</u>	<u>State</u>
WellPoint, Inc.		IN
ATH Holding Company, LLC		IN
OneNation Insurance Company*	85286	IN

* Denotes Insurer

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed as required with the IDOI in accordance with IC 27-1-23-4.

Consolidated Federal Income Tax Agreement

The Company entered into a Consolidated Federal Income Tax Agreement with WellPoint effective December 31, 2005. Allocation of federal income taxes is based upon separate return calculations with credit for net losses that can be used upon a consolidated basis, and is recorded as part of the federal income tax receivable or payable. Intercompany income tax balances are settled based on the Internal Revenue Service due dates. The Company had federal income taxes receivable from affiliated companies of \$315,861 at December 31, 2008.

Master Administrative Services Agreement

Effective January 1, 2005, the Company entered into an Amended and Restated Master Administrative Services Agreement with WellPoint Health Networks, Inc. (WHN) and other affiliates. Under which each company provides certain administrative, consulting, and other support services for the benefit/use of the other affiliated companies. The costs and expenses related to these administrative management and support services are allocated by the Company in an amount equal to the direct and indirect costs and expenses incurred in providing these services. The Company paid \$751,627 in 2008.

Cash Concentration Agreement

Effective November 20, 2007, the Company entered into the WellPoint Cash Concentration Agreement. Under this agreement, any of the Company's affiliates may be designated as a cash manager to handle the collection and/or payment of funds on behalf of the Company. Conversely, the Company may be designated as a cash manager to handle the collection and/or payment of funds on behalf of its affiliates. Cash services covered under this agreement include the collection of premiums and other revenue, the collection of benefit and administrative expense reimbursements, the payment of policy benefits, payroll expense, general and administrative expense, and accounts payable disbursements. As of December 31, 2008, the Company had an estimated net receivable of \$313,023.

Employee Benefits

The Company participates in the WellPoint Cash Balance Pension Plan (the Plan), a frozen non-contributory defined benefit pension plan sponsored by ATH Holding covering most employees of WellPoint and its subsidiaries. ATH Holding allocates a share of the total accumulated costs of the Plan to the Company based on the number of allocated employees. During 2008 these costs totaled \$(65). The Company has no legal obligation for the benefits under this plan. Prior to December 31, 2007, Anthem Insurance Companies, Inc. an affiliated company sponsored the Plan.

The Company participates in a postretirement medical benefit plan, sponsored by ATH Holding, providing certain health, life, vision, and dental benefits to eligible retirees. ATH Holding allocates a share of the total accumulated costs of this benefit to the Company based on the number of allocated employees. During 2008 these costs totaled \$62. The Company has no legal obligation for benefits under this plan.

The Company participates in various deferred compensation plans sponsored by WellPoint which covers certain employees. The deferred accounts are payable according to the terms and subject to the conditions of said deferred compensation agreements. WellPoint allocates a share of the total accumulated costs of these plans to the Company based on the number of allocated employees participating in the plans. During 2008, these costs totaled \$21. The Company has no legal obligation for the benefits under these plans.

The Company participates in the WellPoint 401(K) Retirement Savings Plan, sponsored by ATH Holding, covering substantially all employees. Voluntary employee contributions are matched by ATH Holding subject to certain limitations. ATH Holding allocates a share of the total accumulated costs of the plan to the Company based on the number of allocated employees. During 2008, these costs totaled \$212. The Company has no legal obligation for benefits under this plan.

Reinsurance

See the "Reinsurance" section of this Report of Examination for affiliated reinsurance agreements.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by the Federal Insurance Company (Chubb Group of Insurance Companies). The bond has blanket coverage of \$10,000,000 with a \$1,500,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force at December 31, 2008 including, but not limited to, auto, commercial property, Directors & officers liability, managed care professional liability, fiduciary, umbrella, general liability and workers' compensation insurance.

STATUTORY AND SPECIAL DEPOSITS

The Company reported the following statutory deposits at December 31, 2008:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For all Policyholders:		
Indiana	\$ 2,200,132	\$ 2,203,455
All Other Special Deposits:		
Arkansas	256,269	267,075
Florida	536,570	565,567
Georgia	127,445	135,342
Massachusetts	206,513	235,422
New Mexico	136,763	146,636
North Carolina	445,995	469,515
U.S. Virgin Islands	516,283	588,555
Aggregate Alien and Other	1,187,450	1,353,677
Total Deposits	<u>\$ 5,613,420</u>	<u>\$ 5,965,245</u>

REINSURANCE

Reinsurance Assumed

The Company reported no significant reinsurance assumed in their 2008 Annual Statement.

Reinsurance Ceded

In 2008 the Company reported a total of \$0.1 million of premium ceded to Anthem Life Insurance Company under an agreement effective January 1, 2003. The contract covers substantially all of the Company's liability under all contracts other than those related to behavioral health business.

In addition, the Company also entered into a 100% co-insurance agreement with Southern Financial Life effective May 31, 2003 covering a block of paid-up non-participating group and individual life contracts. At December 31, 2008, this agreement generated \$0 ceded premiums and \$12.3 million of ceded reserve credits.

The Company reported no other significant reinsurance ceded in their 2008 Annual Statement.

RESERVES

Cheryl G. Allari, FSA, MAAA, Vice President and Valuation Actuary for the Company was appointed by the Board of Directors on March 1, 2008 to render an opinion on the statutory-basis loss reserves and loss adjustment expense reserves for the year ended December 31, 2008. Tim P. Deno, FSA, MAAA, provided the opinion for 2007 and 2006. Cynthia S. Miller, FSA, MAAA, provided the opinion for 2005.

The scope of the opinion was to examine the actuarial assumptions and methods used in determining loss reserves, actuarial liabilities and related items, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials as of December 31, 2008. In forming the opinion, information prepared by the Company was relied upon. In all other respects, the examination included such review of the assumptions and methods used and of the underlying basic records and/or summaries and such tests of the calculations as considered necessary.

The 2008 opinion stated that the balances of reserves and related actuarial values 1) are in accordance with accepted actuarial standards consistently applied and are fairly stated, in accordance with sound actuarial principles; 2) are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared; 3) meet the requirements of the laws of the State of Indiana; 4) make a good and sufficient provisions for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements; 5) are computed on the basis of assumptions consistent with those used in computing the corresponding items in the Annual Statement of the preceding year-end; and 6) include appropriate provisions for all actuarial items that ought to be established.

During the examination, it was determined that the material actuarial items in the Annual Statement of the Company are materially correct and fairly stated in accordance with statutory accounting practices prescribed or permitted by the Commissioner of Insurance of the State of Indiana.

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, 2007 and 2008 were materially reconciled to the respective Annual Statements. The Annual Statements for the years ended December 31, 2005 through December 31, 2008 were reconciled to each year's independent audit report with no material exceptions noted.

ONENATION INSURANCE COMPANY

FINANCIAL STATEMENTS

Assets

	As of December 31, 2008			December 31, Prior Year
	Per Annual Statement	Exam Adjustments	Per Examination	
Assets:				
Bonds	\$ 64,629,469	\$ -	\$ 64,629,469	\$ 82,100,402
Stocks:				
Preferred stocks	120,396	-	120,396	185,380
Cash, cash equivalents and short-term investments	8,997,079	-	8,997,079	9,376,633
Receivables for securities	9,030	-	9,030	120,953
Subtotals, cash and invested assets	\$ 73,755,974	\$ -	\$ 73,755,974	\$ 91,783,368
Investment income due and accrued	762,234	-	762,234	949,628
Premiums and considerations:				
Uncollected premiums and agents' balances in course of collection	8,599	-	8,599	-
Deferred premiums, agents' balances and installments booked but deferred and not yet due	-	-	-	13,316
Current federal and foreign income tax recoverable and interest thereon	315,861	-	315,861	731,642
Net deferred tax asset	213,763	-	213,763	72,689
Electronic data processing equipment and software	-	-	-	584
Receivables from parent, subsidiaries and affiliates	69,777	-	69,777	229,244
Aggregate write-ins for other than invested assets	52,500	-	52,500	-
Total assets	\$ 75,178,708	\$ -	\$ 75,178,708	\$ 93,780,471

ONENATION INSURANCE COMPANY

FINANCIAL STATEMENTS

Liabilities, Capital and Surplus

	As of December 31, 2008			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Liabilities:				
Claims unpaid	\$ 6,517	\$ -	\$ 6,517	\$ 4,446
Unpaid claims adjustment expenses	261	-	261	178
Aggregate health policy reserves	11,721	-	11,721	14,696
Aggregate health claim reserves	341,022	-	341,022	341,022
General expenses due or accrued	70,337	-	70,337	128,178
Amounts withheld or retained for the account of others	-	-	-	7,734
Amounts due to parent, subsidiaries and affiliates	315,966	-	315,966	406,607
Total liabilities	\$ 745,824	\$ -	\$ 745,824	\$ 902,861
Common capital stock	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 2,500,000
Gross paid in and contributed surplus	43,323,526	-	43,323,526	43,323,526
Unassigned funds (surplus)	28,609,358	-	28,609,358	47,054,082
Total capital and surplus	\$ 74,432,884	\$ -	\$ 74,432,884	\$ 92,877,608
Total liabilities, capital and surplus	\$ 75,178,708	\$ -	\$ 75,178,708	\$ 93,780,469

ONENATION INSURANCE COMPANY

FINANCIAL STATEMENTS

Statement of Revenue and Expenses

	As of December 31, 2008			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Member months	4,985	-	4,985	90,829
Net premium income	\$ 241,485	-	\$ 241,485	\$ 264,358
Change in unearned premium reserves and reserve for rate credits	2,975	-	2,975	5,304
Aggregate write-ins for other health care related revenues	950	-	950	239,045
Aggregate write-ins for other non-health revenues	(17,219)	-	(17,219)	43,199
Total revenues	\$ 228,191	\$ -	\$ 228,191	\$ 551,906
Hospital and medical:				
Other professional services	\$ 91,082	\$ -	\$ 91,082	\$ 111,284
Less:				
Net reinsurance recoveries	9,043	-	9,043	54,625
Total hospital and medical	\$ 82,039	\$ -	\$ 82,039	\$ 56,659
Claims adjustment expenses, including cost containment expenses	3,510	-	3,510	4,451
General administrative expenses	837,307	-	837,307	1,463,999
Total underwriting deductions	\$ 922,856	\$ -	\$ 922,856	\$ 1,525,109
Net underwriting gain or (loss)	\$ (694,665)	\$ -	\$ (694,665)	\$ (973,202)
Net investment income earned	\$ 3,379,387	\$ -	\$ 3,379,387	\$ 3,933,732
Net realized capital gains or (losses) less capital gains tax	(474,520)	-	(474,520)	(117,005)
Net investment gains or (losses)	\$ 2,904,866	\$ -	\$ 2,904,866	\$ 3,816,727
Net income or (loss) after capital gains tax and before all other federal income taxes	\$ 2,210,201	\$ -	\$ 2,210,201	\$ 2,843,525
Federal and foreign income taxes incurred	1,264,344	-	1,264,344	738,698
Net income (loss)	\$ 945,857	\$ -	\$ 945,857	\$ 2,104,827
Capital and surplus account:				
Capital and surplus prior reporting period	\$ 92,877,609	\$ -	\$ 92,877,609	\$ 90,584,177
Net income or (loss)	\$ 945,857	\$ -	\$ 945,857	\$ 2,104,827
Change in net unrealized capital gains and (losses)				
less capital gains tax	14,376	-	14,376	(8,370)
Change in net deferred income tax	182,638	-	182,638	(705,577)
Change in nonadmitted assets	498,853	-	498,853	989,002
Dividends to stockholders	(20,000,000)	-	(20,000,000)	-
Aggregate write-ins for gains or (losses) in surplus	(86,449)	-	(86,449)	(86,449)
Net change in capital and surplus	\$ (18,444,725)	\$ -	\$ (18,444,725)	\$ 2,293,433
Capital and surplus end of reporting period	\$ 74,432,884	\$ -	\$ 74,432,884	\$ 92,877,610

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2008 based on the results of this examination.

SUBSEQUENT EVENTS

Conseco, Inc. filed a Form A with the IDOI on January 12, 2009 regarding the proposed acquisition of the Company in 2009. In conjunction with the proposed sale to Conseco, Inc., the Company did not renew its Certificate of Authority as an insurer in the U.S. Virgin Islands effective January 1, 2009. The Form A filing was subsequently withdrawn.

Effective January 1, 2009, the Company has ceded its remaining dental business to an affiliate UniCare Life and Health Insurance Company, as an effort to position the Company for possible sale.

CONCLUSION

The preceding report of examination of **OneNation Insurance Company** as of December 31, 2008 reflects its financial condition in accordance with the National Association of Insurance Commissioners Accounting Practices and Procedures Manual and any and all prescribed and permitted accounting practices of the Indiana Department of Insurance. An Affidavit of the Examiner-in-Charge, Michael P. Dinius, CPA, CFE, is on file with the Indiana Department of Insurance and attests that the examination was performed in a manner consistent with the standards and procedures required by the Indiana Department of Insurance and the National Association of Insurance Commissioners Financial Condition Examiners Handbook. Based on my review, to the best of my knowledge, the examination was performed in a manner consistent with those standards and procedures and properly reflects the financial condition of **OneNation Insurance Company**.



Alan T. Griffith, CFE
Examinations Manager
Indiana Department of Insurance