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

TENNESSEE INSURANCE DIVISION, **Petitioner,**	)))	
vs.	))	No.: 12.01-089954J
UNIVERSAL LIFE INSURANCE COMPANY, **Respondent.**	))	

CONSENT ORDER

WHEREAS, Petitioner, the Tennessee Insurance Division, (hereinafter referred to as the "Division") and the Respondent, Universal Life Insurance Company, hereby stipulate and agree, subject to the approval of the Commissioner of Commerce and Insurance (hereinafter referred to as the "Commissioner") as follows:

GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry of the Commissioner.

2. The Commissioner has determined that the resolution set forth in this Consent Order is fair, reasonable, and in the best public interest.

3. This Consent Order is executed by the Respondent for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

4. Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts or omissions not specifically addressed in this Consent Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

5. Respondent expressly waives all further procedural steps and all rights to seek judicial review of or to otherwise challenge or contest the validity of the Consent Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Consent Order by the Commissioner.

FINDINGS OF FACT

6. Universal Life Insurance Company (hereinafter referred to as the "Respondent") is an insurance company domiciled in the State of Alabama.

7. Respondent has received a certificate of authority to sell life, and accident and health disability lines of insurance in the State of Tennessee, and is subject to regulation under the Tennessee Insurance Law (hereinafter referred to as the "Tennessee Law"), codified at Title 56 of the Tennessee Code.

8. Respondent is a subsidiary of Booker T. Washington Insurance Company, Inc. (hereinafter referred to as "BTW"), an insurance company domiciled in the state of Alabama.

9. The financial statement filed with the Department by BTW reported that, as of September 30, 2005, it possessed policyholders' surplus in the amount of negative one hundred twenty-two thousand eight hundred and eighty dollars (-$122,836). The policyholders' surplus reported for 2005 represents a decrease of one hundred six percent (106%) since year end 2004.

10. On February 22, 2006, the Circuit Court of Jefferson County, Alabama entered a Consent Order of Rehabilitation, Permanent Injunction, Appointment of Receiver, and Other

Relief ("Order"), which placed BTW in receivership. As grounds for the Order, the Circuit Court of Jefferson County, Alabama found that Respondent was insolvent in the amount of four million, three hundred thousand dollars ($4,300,000.)

CONCLUSIONS OF LAW

11. Tenn. Code Ann. § 56-1-416 provides that the Commissioner shall revoke or suspend all certificates of authority granted to an insurance company if the Commissioner is of the opinion, upon examination or other evidence, that a foreign insurance company is in an unsound condition or has failed to comply with the law and, upon such a finding, no new business shall be done by the company or its agents under suspension or revocation while such default or disability continues and not until its authority to do business is restored by the Commissioner.

12. Tenn. Comp. R. & Regs. 0780-1-66-.03(1)(g) provides that the Commissioner may consider whether any affiliate, subsidiary or reinsurer is insolvent, threatened with insolvency or delinquent in payment of its monetary or other obligations in determining whether the continued operation of an insurer transacting business in this state might be deemed to be hazardous, financially or otherwise, to the policyholders, creditors or the general public.

13. As a direct result of the unsoundness of the financial condition of BTW, Respondent's affiliate, Respondent is hereby deemed financially unsound. Therefore, Respondent is not qualified to do business in this state as defined by Tennessee Code Annotated § 56-2-103(a)(2).

ORDER

NOW THEREFORE, on the basis of the foregoing, the waiver of the Respondent, of its rights to a hearing and appeal under Tennessee Insurance Law and Tennessee's Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101, *et seq.*, and the admission by Respondent of the jurisdiction of the Commissioner, the Commissioner finds that the Respondent has agreed to the entry of this order, this Order is appropriate, and in the public interest.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 56-1-416 of the Tennessee Insurance Law, that:

1. Respondent's Certificate of Authority is hereby suspended for a period of two (2) years, so that during such period the Respondent shall continue to be licensed in Tennessee but shall cease writing any new business in the State of Tennessee, and shall renew only those policies that the law may require. The policies that the law requires to be renewed are those policies that the insured has a contractual right to renew. Should the Commissioner determine that the Respondent's financial condition is no longer unsound, she may at any time remove the suspension of the Respondent's Certificate of Authority. The Commissioner, in her sole discretion, may also extend the suspension period should she find such extension to be in the public interest. However, in the event the Respondent's Certificate of Authority is not reinstated within two (2) years from the date of this Order, unless the Commissioner shall have extended the suspension period, the Respondent's Certificate of Authority shall automatically be revoked without further action by the Commissioner or the Division.

2. Respondent shall continue to file its annual statement, pay fees, licenses and taxes as required and applicable, and service existing policyholders and adjust losses thereunder.

This Consent Order is in the public interest and in the best interests of the parties. This Consent Order represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signature affixed below, Universal Life Insurance Company affirmatively states that is has freely agreed to the entry of this Consent Order, that it has been advised that it may consult legal counsel in this matter and has had the opportunity to consult with legal counsel, that it waives its right to a hearing on the matters underlying this Consent Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Consent Order, affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Consent Order, are binding upon them.

Nothing in this Consent Order should be construed to limit the authority of the Insurance Division or the Commissioner to take further action against the Respondent should such action, in the opinion of the Insurance Division or the Commissioner, be necessary.

SO ORDERED.

ENTERED this the 22nd day of June, 2006.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:

Larry C. Knight, Jr.
Assistant Commissioner for Insurance

Universal Life Insurance Company

Walter Howlett Jr

By:
Title: President

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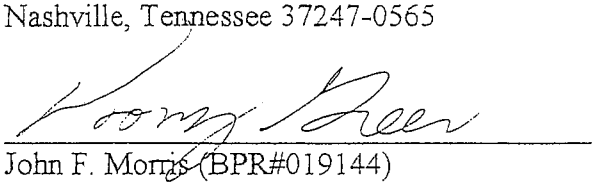

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