Government of the District of Columbia
Department of Insurance, Securities and Banking

Gennet Purcell
Commissioner

BEFORE THE
INSURANCE COMMISSIONER OF
THE DISTRICT OF COLUMBIA

Re: Report on Examination – **Acacia Life Insurance Company** as of December 31, 2008

ORDER

Pursuant to Examination Warrant 2009-6, an Examination of **Acacia Life Insurance Company** as of December 31, 2008 has been conducted by the District of Columbia Department of Insurance, Securities and Banking ("the Department").

It is hereby ordered on this 11th day of May, 2010, that the attached financial condition examination report be adopted and filed as an official record of this Department.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, this Order is considered a final administrative decision and may be appealed pursuant to Section 31-4332 of the D.C. Official Code.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, within 30 days of the issuance of the adopted report, the company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related order.

Pursuant to Section 31-1404(e)(1) of the D.C. Official Code, the Department will continue to hold the content of the report as private and confidential information for a period of 10 days from the date of this Order.

Gennet Purcell
Commissioner

GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING

REPORT ON EXAMINATION

ACACIA LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2008

NAIC COMPANY CODE 60038

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Washington, District of Columbia
April 14, 2010

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Chair, NAIC Financial Condition (E) Committee
Commissioner
Virginia State Corporation Commission, Bureau of Insurance
Commonwealth of Virginia
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Honorable Gennet Purcell
Commissioner
Government of the District of Columbia
Department of Insurance, Securities and Banking
810 First Street, NE, Suite 701
Washington, D.C. 20002

Dear Sirs and Madams:

In accordance with Section 31-1402 of the District of Columbia Insurance Code, an association examination has been conducted of the financial condition and activities of

ACACIA LIFE INSURANCE COMPANY

hereinafter called the "Company" or "Acacia", at its holding company corporate offices located at 5900 "O" Street, Lincoln, Nebraska 68510. The Company's statutory home office is located at 7315 Wisconsin Avenue, Bethesda, MD 20814. The following Report on Examination is hereby submitted.

SCOPE OF EXAMINATION

This examination, covering the period January 1, 2005 through December 31, 2008, including any material transactions and/or events noted occurring subsequent to December 31, 2008, was conducted under the association plan of the National Association of Insurance Commissioners ("NAIC") by examiners representing the District of Columbia Department of Insurance, Securities and Banking ("Department" or "DISB"), representing the Northeastern Zone of the NAIC. The Southeastern and Western Zones were invited to participate, but did not respond to the examination call.

Our examination was conducted in accordance with examination policies and standards established by the Department and procedures recommended by the NAIC and, accordingly, included such tests of the accounting records and such other examination procedures, as we considered necessary under the circumstances. This examination was conducted using the Risk-Focused Surveillance ("RFS") examination approach. Accordingly, risk and materiality were key concepts throughout the examination. Key activities of the Company were assessed and areas of primary risk were the focus of the examination. Our examination included tests to provide reasonable assurance that the Company was in compliance with applicable laws, rules and regulations.

The examination was conducted as a coordinated effort with the Nebraska and Ohio Departments of Insurance in conjunction with the examinations of their domestic insurance companies, Ameritas Life Insurance Corporation (NE) ("Ameritas") and The

Union Central Life Insurance Company (OH) ("UCL"), with Nebraska as the lead state. Due to commonalities of systems, operations and management, we approached this examination using the combined efforts and resources of the three regulatory agencies. We relied on the work performed by the Nebraska and Ohio Information Systems ("IS") Specialists' work, findings and recommendations. The actuarial portion of the examination was conducted by the Nebraska actuarial examiner and reliance was placed thereon for much of the Acacia business. We also relied on the Nebraska examiners for certain work concerning the corporate management environment and controls of the organization, as these areas impact both Acacia and Ameritas.

The Company was audited annually by an independent public accounting firm. The firm expressed an unqualified opinion on the Company's financial statements prepared on a statutory basis for each year under examination. To the extent reasonable, reliance was placed on the work of the independent CPA audits. Substantive examination efforts were directed to those areas not covered by the firm's workpapers or where it was deemed additional testing was necessary.

STATUS OF PRIOR EXAMINATIONS FINDINGS

Our examination included an inquiry of matters noted in the prior examination report as of December 31, 2004 to determine the disposition of those issues. It was determined that the Company adequately addressed the issues noted.

HISTORY

General

The Company was organized on October 26, 1866 and was chartered by the Congress of the United States of America and began service on March 3, 1869 in the name of Masonic Mutual Relief Association of the District of Columbia to provide death benefits to widows and orphans of Masons. In 1903, the charter was amended to provide legal reserves on all policies and to limit membership to Master Masons. Subsequently, all prior assessment business was placed on the legal reserve plan with this transfer being completed by December 31, 1915 and since that date no assessment certificates have been in force.

By amendment to its charter the name was revised to The Masonic Mutual Life Association of the District of Columbia on May 30, 1908; to Acacia Mutual Life Association on September 22, 1922; and to Acacia Mutual Life Insurance Company ("Acacia Mutual") on May 14, 1932. Coincident with that date, the Company began to sell its products to other than just Masons.

During January 1997, Acacia Mutual filed an application and plan of reorganization with the Department pursuant to the Mutual Holding Company Act (MHC Act) of 1996. The filing was approved by the Department in May 1997. Pursuant to the reorganization, effective June 30, 1997, the Company formed a mutual insurance holding company named Acacia Mutual Holding Corporation ("AMHC"), and an intermediate stock holding company named Acacia Financial Group, Ltd. Acacia Mutual became a stock life insurance company with its current name, Acacia Life Insurance Company ("Company").

In 1999, Acacia Mutual Holding Company merged with Ameritas Mutual Insurance Holding Company to form Ameritas Acacia Mutual Holding Company ("AAMHC"), the first ever merger of two mutual holding companies.

Pursuant to District of Columbia Law, including Title 35, Section 609, D.C. Code Ann. (1993), and the Mutual Holding Company Act of 1996, Title 35, Sections 3721-3728, D.C. Code, the Company adopted the amended Articles of Incorporation effective December 3, 1999 and filed the amended Articles of Incorporation with the Commissioner of Insurance and Securities Regulation on July 25, 2002.

The Company merged with its subsidiary, Acacia National Life Insurance Company after the close of business on December 31, 2003. This transaction was accounted for as a statutory merger.

Effective January 1, 2006, AAMHC and Union Central Mutual Holding Company ("UCMHC") merged to form the UNIFI Mutual Holding Company ("UNIFI") in a business combination accounted for as a pooling of interests. In a concurrent event, The Union Central Life Insurance Company ("UCL") was converted from an Ohio mutual life insurance company to an Ohio stock life insurance company, an indirectly wholly-owned subsidiary of the newly formed UCMHC. Also, in a concurrent event, the capital stock of Union Central was contributed to UNIFI's wholly-owned holding company, AHC.

Capital Stock

Pursuant to the Articles of Incorporation, the aggregate number of shares of stock the Company is authorized to issue is 2,010,000. The Company is authorized to issue 10,000 shares of no par common capital stock, and 2,000,000 shares of no par preferred capital stock. The preferred stock shall be non-voting; be subject to redemption at $25 per share, entitle the holders to cumulative dividends; have preference over all other classes of stock as the payment of dividends; have preference as to the assets of the Company over all other classes of stock upon the voluntary or involuntary liquidation of the Company; not be convertible into shares of any other class. The preferred stock issuance includes a Stock Sale/Purchase Agreement, which requires the Company to redeem $2,500,000 of preferred stock beginning in 2005, and $2,500,000 each year thereafter, ending in 2015.

The preferred stock balances as a result of redemptions during the examination period are as follows:

Year Ended December 31	**Preferred Stock Balance**
2004	$25,000,000
2005	$22,500,000
2006	$20,000,000
2007	$17,500,000
2008	$15,000,000

As of December 31, 2008, the Company reported 10,000 shares of issued and outstanding common capital stock to Ameritas Holding Company, and 600,000 shares of preferred stock issued and outstanding to Ameritas Life Insurance Corp. The shares were valued at $3,000,000 common and $15,000,000, preferred, resulting in stated values of $300 and $25 per share, respectively. See NOTE 2 in the "Notes to Financial Statements" section of this Report for further comments regarding the Company's preferred stock.

Dividends to Shareholders

During each of the four years covered by this examination, the Company paid ordinary dividends to its preferred shareholder. During 2008, the Company also paid an ordinary common stock dividend.

MANAGEMENT AND CONTROL

Board of Directors

The board of directors shall consist of not less than 5 directors, divided into three classes as nearly equal numerically as possible determined by terms expiring in successive years. Except for the first year, each director shall be elected for a three year term, which begins at the annual meeting in which such director is elected or at the time elected by the board of directors.

The annual meeting of the shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be on the second Tuesday of April at 2:00 pm each year at its offices in the District of Columbia or at such other place, time and date as the board of directors shall fix.

No Inside Director shall serve as a director after such Inside Director is no longer a full time employee of the Company or any of its affiliates. An Inside Director is a director who is a full time employee of the Company or any of its affiliates.

A quorum of the board of directors is a majority of the entire board of directors. A director shall be subject to removal, for cause, by a two-thirds (2/3) vote of the entire board of directors. Regular meetings of the board shall be held at least four times annually.

The following persons were serving as the Company's directors at December 31, 2008:

Name and Address	Principal Occupation
Barbara Janet Krumsiek, Chair Bethesda, MD	President and CEO of The Calvert Group
Patricia Ann McGuire Hyattsville, Maryland	President, Trinity University
Edward Jeremiah Quinn, Jr., Vice Chair Washington, DC	Chairman and CEO, T.W. Perry
Donald Wayne Silby Washington, DC	Co-Chairman, Calvert Social Investment Foundation, D.W. Silby & Company
Robert Marcellus Willis Mitchellville, Maryland	Law Offices of Robert M. Willis, Esq.

Officers

Name	Title
Salene Marie Hitchcock-Gear	President and Chief Executive Officer
Kurt Yamanishi Allen	Senior Vice President and Chief Marketing Officer – Individual and Retirement Plans
Robert Carl Barth	Senior Vice President and Chief Financial Officer
Jan Marie Connolly	Senior Vice President and Assistant Secretary
Nancy Arline Dalessio	Senior Vice President and Chief Information Officer
Arnold Delos Henkel	Senior Vice President - Individual Distribution
Dale Donald Johnson	Senior Vice President and Corporate Actuary
Robert Paul Kocher	Senior Vice President, Strategic Thinking
William Wallace Lester	Senior Vice President, Investments and Treasurer
Kevin William O'Toole	Senior Vice President
Mitchell Fredrick Politzer	Senior Vice President, Acacia Advisor
Robert-John Hamilton Sands	Senior Vice President, General Counsel and Corporate Secretary
Janet Lynn Schmidt	Senior Vice President, Director of Human Resources
Steven Joseph Valerius	Senior Vice President, Individual and Retirement Plans

Committees

As of December 31, 2008, the Company's Board of Directors had established various committees.

Executive Committee

The Executive Committee shall consist of the Chief Executive Officer, who shall be chairman, the chairman of the board of directors, the president, and not less than three members of the board of directors. The members of the Committee shall be appointed annually by the Chief Executive Officer. A majority of the members shall be non-employee directors and meets as needed.

Barbara J. Krumsiek, Chair*
Patricia A. McGuire
Edward J. Quinn, Jr.
Robert M. Willis

**Designated by Salene Hitchcock-Gear*

Nominating Committee

The Nominating Committee consists of all non-employee directors serving on the Executive Committee and meets as needed.

Patricia A. McGuire
Edward J. Quinn, Jr.
Robert M. Willis

Investment and Finance Committee

The Investment and Finance Committee shall consist of the Chief Executive Officer, who shall be chairman, the chairman of the board of directors, and not less than three members of the board of directors. The members of the Committee shall be appointed annually by the Chief Executive Officer. A majority of the members shall be non-employee directors.

Barbara J. Krumsiek, Chair*
Patricia A. McGuire
D. Wayne Silby

**Designated by Salene Hitchcock-Gear*

Operating Committee

Dale D. Johnson, Chair	William W. Lester
Robert C. Barth	James Mikus
Nancy A. Dalessio	Robert-John H. Sands
Salene Hitchcock-Gear	Steven J. Valerius

Audit Committee (holding company level):

James P. Abel	Tonn M. Ostergard
Michael S. Cambron	Myrtis H. Powell
Bert A. Getz	D. Wayne Silby
Francis V. Mastrianna	John M. Tew, Jr.
Robert M. Willis	

The Company's audit function is established at the parent company level. Members of the Audit Committee are shown above.

Conflicts of Interest

Directors, officers and certain other key personnel of the Company regularly respond to conflict of interest questionnaires. The disclosures are reviewed for possible unacceptable conflicts. A review of the responses to the questionnaires completed for the period under examination disclosed that there were no unacceptable conflicts of interest disclosed.

Corporate Records

Articles of Incorporation

The Company's Articles of Incorporation, effective December 3, 1999, amend the Charter of the Corporation and change the Company's name from Acacia Mutual Life Insurance Company to Acacia Life Insurance Company. The amendment states that the commencement of the existence of the Corporation is June 30, 1997 and the Corporation shall have perpetual duration. The purpose of the Corporation is to engage in the business of a legal reserve life insurance company and to insure all risks and issue all policies, contracts and forms, both participating and non-participating, authorized by the Life Insurance Act (Title 35, chapters 3-8, D.C. Code Ann. (1993)).

The Company's Amended Articles of Incorporation provide that the holders, jointly or severally, of not less than 1/5 but less than a majority of the shares of capital stock, shall be entitled to be elected or appointed, as the case may be, directors or other persons performing the functions of directors.

Bylaws

Effective May 5, 2008, Article IV, Section 4.2 Term of the Company's bylaws were amended to reduce the number of directors from seven (7) to not less than five (5).

Effective September 30, 2006, Article IV, Section 4.1 Qualifications and General Powers was amended to provide that no person shall be nominated to serve as a director after he or she has attained the age of 72 and a director who attains the age of 72 shall resign or be removed no later than the next annual meeting after attaining the age of 72.

In addition, Article IV, Section 4.2 Term was also amended effective September 30, 2006 to state that no inside director shall serve as a director after such inside director is no longer a full-time employee of the Company or any of its affiliates.

Minutes of the board and committees

Minutes of the meetings of the board of directors and committees for the period under examination were reviewed. It appears that the minutes documented the Company's significant transactions and events, and that the directors approved these transactions and events.

AFFILIATED COMPANIES

The Company is a member of the UNIFI Mutual Holding Company system. The holding company structure as of December 31, 2008, is depicted in the following chart:

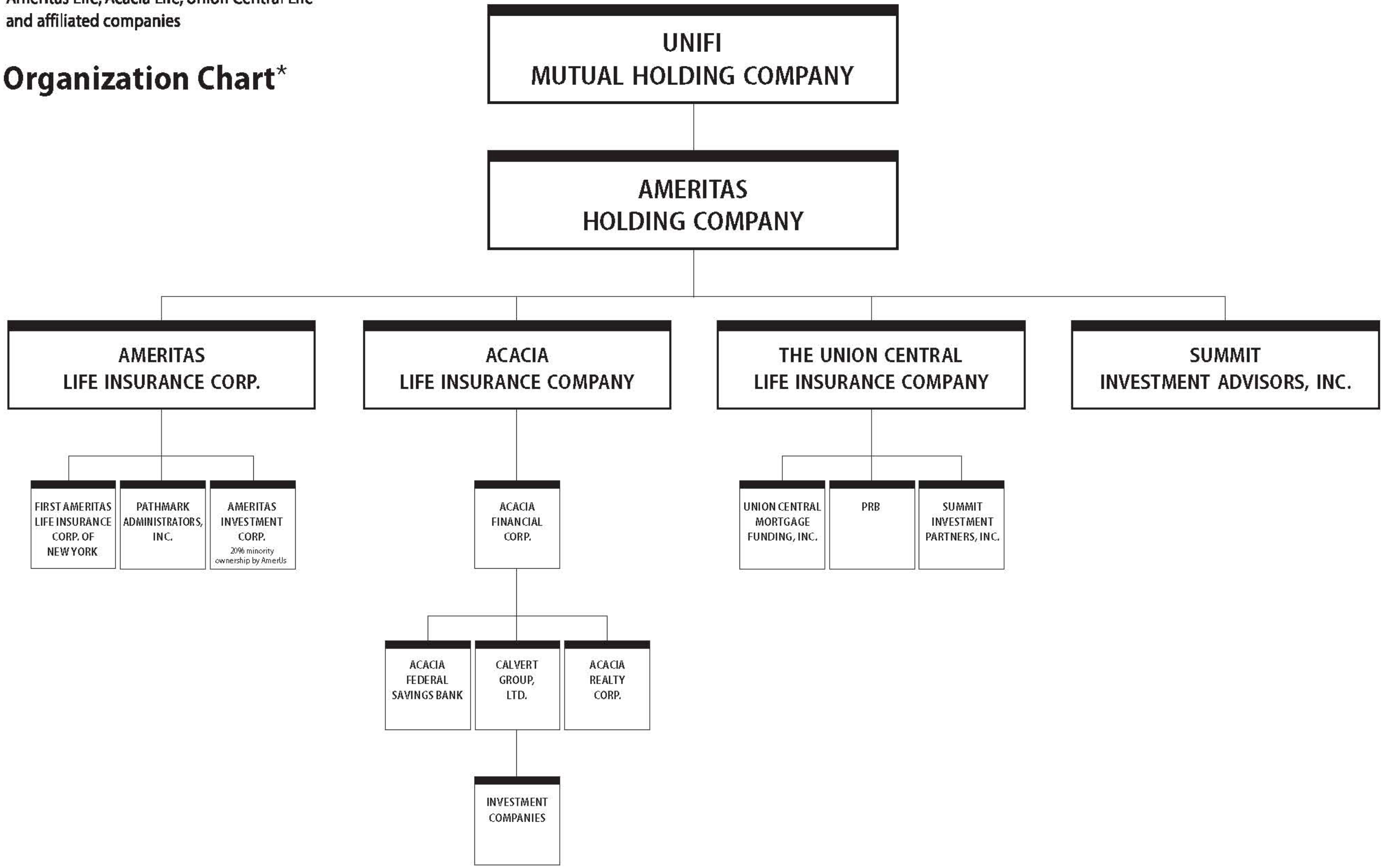
ORGANIZATIONAL CHART

The Organizational Chart appears on the following page.

UNIFI
Companies[SM]

Ameritas Life, Acacia Life, Union Central Life
and affiliated companies

Organization Chart*



INTERCOMPANY AGREEMENTS

The Company is a party to various intercompany agreements. Listed below are the major agreements in effect at December 31, 2008.

Investment Advisory Agreement

Effective July 1, 2007, the following companies entered into an amended and restated investment advisory agreement:

Summit Investment Advisors, Inc. (advisor)
Ameritas Holding Company
Ameritas Life Insurance Corp., on behalf of itself and Ameritas Retirement Equity Account, a separate account
Acacia Life Insurance Company
Pathmark Administrators, Inc. (sold to outside party)
The Union Central Life Insurance Company
Acacia Financial Corp.

Under the agreement, the parties agree that the Advisor shall act as investment advisor for the companies, subject to the supervision of the respective boards of directors and as permitted by statute, to manage the investment of the assets of the companies. Each company shall pay fair and reasonable fees for such services, including expenses, which shall be agreed upon and documented from time to time. A compensation schedule was included as an exhibit to the agreement.

Holding Company Oversight Service Agreement

Effective January 1, 2006, the Company, Ameritas Life Insurance Corp. ("Ameritas") and The Union Central Life Insurance Company ("Union Central") entered into a Holding Company Oversight Service Agreement with Ameritas Holding Company ("AHC"), collectively referred to as the "Parties". The Parties entered into an insurance holding company consolidation agreement whereby they became affiliated companies and subsidiaries of AHC and its parent, UNIFI. The purpose of the agreement is to facilitate UNIFI holding company strategic planning and oversight, effective communications and coordination and efficient operations and economies of scale among the Parties. The Company, Ameritas and Union Central agree to provide general management services and support and management and participation in matters relating to strategic planning, and corporate operations. These companies agree to pay AHC a fixed monthly charge for management oversight and services. AHC shall pay for all fees, costs, and expenses incurred by AHC or any member of the UNIFI enterprise in connection with AHC's business, functions and operations.

Marketing Services Agreement

Effective January 1, 2006, the Company, Ameritas Life Insurance Corp., Ameritas Variable Life Insurance Company ("AVLIC", now merged with Ameritas) and The Union Central Life Insurance Company, collectively referred to as the "Parties", entered into a marketing services agreement to provide marketing support services by and among the various Parties as necessary and appropriate from time to time. Under the agreement, each Party shall provide each other Party with marketing services, including, but not limited to: recruiting, market suggestions and advice, logistical support, materials distribution, meeting sponsorship and continuing education, and other marketing related activities as reasonably required from time to time for the sale and servicing of the other Party's insurance products by the servicing Party's distribution force.

Section 529 Program Marketing Agreement

Effective December 31, 2002, a Section 529 Program Marketing Agreement was entered into by the Company and Calvert Distributors, Inc ("CDI"), whereby CDI markets the Acacia Principal Plus Option to the District of Columbia Section 529 Fund, and the Company pays distribution and service fees to CDI.

Combined Agency Distribution System Income and Expense Allocation Agreement

Effective January 1, 2003, the Company entered in a Combined Agency Distribution System Income and Expense Allocation Agreement with Ameritas Life Insurance Corp. whereas Ameritas' and Acacia's "Career" (employee agents) and "PPGA" (personal producing general agents) distribution systems sell products of each of the companies, and are managed on a combined basis. Each company will jointly share sales and distribution costs and related expense allowances, according to a cost sharing schedule contained in the agreement.

General Services Administrative Agreement

Effective January 1, 2006, the following companies entered into a general services administrative agreement:

Ameritas Holding Company
Acacia Life Insurance Company
Ameritas Life Insurance Corp.
The Union Central Life Insurance Company
Ameritas Investment Advisors, Inc. (now renamed to Summit Investment Advisors, Inc.)
Ameritas Investment Corp. (AIC)
Ameritas Variable Life Insurance Company (now merged with Ameritas)
Carillon Investments, Inc. (now merged with AIC)
Carillon Marketing Agency, Inc. (now dissolved into UCL)
Pathmark Administrators, Inc. (now sold to outside party)
PRBA, Inc.
Summit Investment Partners, Inc.
Summit Investment Partners, LLC (now dissolved into UCL)
Union Central Mortgage Funding, Inc.

Under this agreement, the parties to the agreement, collectively the "Parties", agree to have the Company, Ameritas and Union Central provide them with administrative support services and to arrange for other administrative support services to be provided by and among the various Parties as necessary and appropriate from time to time. These services include policy administration and other insurance operation support services, claims administration, information management support and the development and maintenance of software. In addition, the companies will provide all management, administrative, legal, accounting, information technology, and other services, advice and other accommodations, and keep accurate, full and complete books and records and prepare financial statements. The other Parties to the agreement may provide to the Company, Ameritas and Union Central administrative services such as third party administrative services, policy administration and other insurance operation support services, claims administration, development and maintenance of software, investment advisory services, and any matters related thereto.

Administrative Services and Paymaster Agreement

Effective April 1, 2004, the Company entered into an Administrative Services and Paymaster Agreement with Ameritas and AIC. AIC is a broker-dealer and investment advisor, which for economies of scale and centralization, utilizes certain shared field facilities and administrative, accounting and clerical resources, shared with Ameritas and Acacia. AIC will reimburse Ameritas and Acacia for those portions of its facilities, and resources that are used in connection with its broker-dealer and investment advisor operations. Reimbursements to Ameritas & Acacia are set by Ameritas and Acacia quarterly on the basis of historical overhead expenditures on behalf of AIC and other factors.

Ameritas Holding Company Service Agreement

Effective April 1, 2004, Ameritas Holding Company ("AHC"), Ameritas Life Insurance Corp., Acacia Life Insurance Company, Ameritas Investment Corporation, Pathmark Administrators, Inc., Acacia Federal Savings Bank ("AFSB"), and Calvert Group, Ltd., all of which are affiliates, entered into the Ameritas Holding Company Service Agreement. AHC shall provide the subsidiaries with various services, including general management services and support, including the services of any executive officers of AHC, assistance in strategic planning, e-business infrastructure, human resources support, payroll services and/or as requested, furnish reports to the management of the subsidiaries. Each subsidiary shall pay the fair and reasonable costs of expenses, as agreed on by the parties on an annual basis. One twelfth (1/12) of the annual costs shall be paid on a monthly basis through the inter-company billing between AHC and each subsidiary, payable within 10 days of receipt.

Tax Sharing Agreement

Effective January 1, 2005, an Amended and Restated Tax Sharing Agreement was entered into by Ameritas Acacia Mutual Holding Company (parent, now, UNIFI), Ameritas Holding Company, Ameritas Life Insurance Corp., Acacia Life Insurance Company, and several affiliated companies.

The members to the agreement agree the tax liability of each member shall generally be based on the member's taxable income as if such member had filed its income tax return on a separate return basis with the IRS.

All settlements under the agreement shall be made within 30 days of the filing of the applicable estimated or actual consolidated federal corporate income tax return with the IRS, except where a refund is due the parent, it may defer payments to a subsidiary to within 30 days of receipt of such refund. All settlements shall be made in cash or securities eligible for investments for the affiliate, at market value.

Each member also agrees that it will join with the parent or other members in any consolidated, combined, unitary state or franchise tax return or report, at the discretion of the parent.

Amendment No. 1 to the agreement effective January 1, 2006 changed the name of the parent holding company to UNIFI Mutual Holding Company and to add additional affiliated companies and delete one company from the agreement.

Amendment No. 2 to the agreement effective June 30, 2006 added Ameritas Investment Corp. as a party to the agreement.

<u>Benefits Plus Account Fee Agreement</u>

Effective May 28, 2004, a Benefits Plus Account Fee Agreement was entered into by the Company, Ameritas Life Insurance Corp., AVLIC with AFSB. Under the terms of the agreement, the Company, Ameritas Life Insurance Corp. and AVLIC agree to provide information to policy beneficiaries regarding Benefit Plus checking accounts offered by AFSB by listing such accounts as a settlement option on their respective claim forms. In consideration for the insurance companies introducing the policy beneficiaries to the Benefits Plus checking accounts and the policy beneficiaries elect to open such account, the companies will be paid a monthly fee in the amount of 1.25% of the average monthly balance in those accounts minus AFSB's expenses, which were detailed in the agreement.

FIDELITY BONDS AND OTHER INSURANCE

The Company is a named insured on a fidelity bond issued to its parent, Ameritas Holding Company. The fidelity bond protects against loss from any fraudulent or dishonest acts by any employees. The bond has blanket coverage of $20,000,000 aggregate and $10,000,000 single limit with a single loss deductible of $500,000. The fidelity bond adequately meets the minimum coverage recommended by the National Association of Insurance Commissioners on a consolidated basis.

In addition, the Company has other coverage in-force at December 31, 2008, including automobiles, property and liability, workers' compensation, umbrella liability, general liability, and directors and officers liability. Based upon our review, the Company's insurance coverage for these risks appears adequate.

EMPLOYEE PENSION PLANS

The Company has three retirement plans. A defined benefit plan, which is a non-contributory plan, covers all employers prior to 1992, when the accumulated benefits were frozen. In 2000, the plan was merged with Ameritas' defined benefit plan to form the AHC Pension Plan, and in 2008, the Union Central Pension Plan was merged into the AHC Pension Plan.

The Company also participates in a Defined Contribution Plan (Employees), which is a defined contribution plan sponsored by AHC that covers substantially all employees. On June 20, 2008, the Union Central plan was combined with the Ameritas/Acacia plan.

A Defined Contribution Plan (Agents) is a defined contribution plan sponsored by AHC that covers agents.

The Department retained an independent pension actuary to conduct a review in association with the financial examination of the Company as of December 31, 2008. The reviewing pension actuary determined that the Company's accruals for pension liabilities as of December 31, 2008 and pension expenses for the year ending December 31, 2008 were adequate.

STATUTORY DEPOSITS

The Company has funds on deposit for the benefit of all policyholders with various jurisdictions as of December 31, 2008.

Jurisdiction	Par Value	Market Value
Arkansas	$ 147,824	$ 167,373
District of Columbia	5,912,975	6,694,900
Florida	1,442,766	1,633,556
Georgia	177,389	200,847
Massachusetts	567,322	683,857
Nevada	236,519	267,796
New Mexico	147,824	167,372
North Carolina	1,330,419	1,506,353
South Carolina	177,389	200,847
Virginia	709,557	803,388
Total	$ 10,849,984	$ 12,326,289

TERRITORY AND PLAN OF OPERATIONS

As of December 31, 2008 the Company is licensed to write business in 47 states and the District of Columbia. The only states in which the Company is not licensed are Alaska, Maine and New York. The Company's major lines of business are traditional individual life, term, bank-owned and universal life insurance products and immediate and deferred annuity products, distributed primarily through agents. The Company is a party to a marketing services agreement with affiliates.

As reported in the 2008 Annual Statement, life insurance business written directly by the Company during 2008 represented approximately 92.8% or $55,564,394 of total premiums $59,864,096. Individual annuities represented approximately 7% of total direct business.

In February 2009, the Company began sales on new universal life products.

REINSURANCE

Assumed Reinsurance

The Company is primarily a direct writer and does not assume significant amounts of business. The Company's assumed reinsurance is related primarily to individual life products. The Company has a reinsurance agreement with ALIC for a block of ALIC's variable life products on a yearly renewable term basis.

The Company has a reinsurance agreement with UCL to assume new sales production for a block of UCL's 10-year term products on a co-insurance basis.

The Company also continued its reinsurance assumed with Companion Life on a co-insurance basis.

Ceded Reinsurance

The Company cedes business to various reinsurers under a number of automatic and facultative treaties. At December 31, 2008, the largest reinsurer was RGA Reinsurance Company, which assumed $19,374,392 in premiums for an amount in-force of $2,743,606,445, representing 63.5% of the Companies reinsurance ceded. The next largest reinsurer is Munich American Reassurance Company, representing about 11.5% of the total amount ceded.

Our review of the Company's reinsurance contract with RGA disclosed no significant deficiencies or unusual provisions, and properly included the required insolvency clause.

ACCOUNTS AND RECORDS

The Company's general accounting records consisted of an automated general ledger and various subsidiary ledgers (e.g., cash receipts, cash disbursements). The Company's trial balances were provided for each year under examination and agreed to the annual statement for each year. The Company is audited annually by an independent certified public accountant. No exceptions were noted.

FINANCIAL STATEMENTS

The following financial statements reflect the financial condition of the Company as of December 31, 2008, as determined by this examination:

Assets
Liabilities, Surplus and Other Funds
Capital and Surplus Account
Analysis of Examination Changes to Surplus
Comparative Financial Position of the Company

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Assets

	Assets	Nonadmitted Assets	Net Admitted Assets	Examination Adjustments Increase (Decrease)	Net Admitted Assets Per Examination
Bonds	$ 979,765,628	$ -	$ 979,765,628	$ -	$ 979,765,628
Preferred stocks	12,501,148		12,501,148	-	12,501,148
Common stocks	211,375,904		211,375,904	-	211,375,904
Mortgage loans on real estate: First liens	172,333,785		172,333,785	-	172,333,785
Cash ($273,662), cash equivalents (-0-) short-term investments ($29,571,041)	29,844,703		29,844,703	-	29,844,703
Contract loans	52,518,098	67,014	52,451,084	-	52,451,084
Other invested assets	36,504,844	163,015	36,341,829	-	36,341,829
Receivable for securities	3,101,070	397,833	2,703,237	-	2,703,237
Subtotal, cash and invested assets	$ 1,497,945,180	$ 627,862	$ 1,497,317,318	$ -	$ 1,497,317,318
Investment income due and accrued	14,820,999		14,820,999	-	14,820,999
Premiums and considerations:				-	
Uncollected premiums and agents' balances in the course of collectic	1,428,869	111,242	1,317,627	-	1,317,627
Deferred premiums, agents' balances and installments booked but deferred and not yet due	3,787,968		3,787,968	-	3,787,968
Reinsurance:				-	
Amounts recoverable from reinsurers	3,999,475		3,999,475	-	3,999,475
Other amounts receivable under reinsurance contracts	1,085,067		1,085,067	-	1,085,067
Current federal and foreign income tax recoverable and interest thereon	13,098,022		13,098,022	-	13,098,022
Net deferred tax asset	33,075,868	26,422,969	6,652,899	-	6,652,899
Guaranty funds receivable or on deposit	23,343		23,343	-	23,343
Electronic data processing equipment and software	145		145	-	145
Furniture and equipment	229,580	229,580	0	-	0
Receivable from parent, subsidiaries and affiliates	22,320,715	20,466,681	1,854,034	-	1,854,034
Health care and other amounts receivaable	398,892	10,760	388,132	-	388,132
Aggregate write-ins for other than invested assets	1,013,039	1,013,039	-	-	0
Totals	$ 1,593,227,162	$ 48,882,133	$ 1,544,345,029	$ -	$ 1,544,345,029

Liabilities, Surplus and Other Funds

Aggregate reserve for life contracts	$	1,038,366,263
Aggregate reserve for accident and health contracts		315,318
Liability for deposit-type contracts		101,211,474
Contract claims: Life		6,036,446
Policyholder dividends and coupons due and unpaid		7,978
Dividends apportioned for payment		10,094,999
Premiums and annuity considerations for life and accident and health contracts received in advance less discount		188,822
Other amounts payable on reinsurance		4,756,412
Interest Maintenance Reserve		0
Commission and expense allowances payable on reinsurance assumed		237,515
General expenses due or accrued		1,573,942
Taxes, licenses and fees due or accrued, excluding federal income taxes		668,511
Current federal and foreign income taxes		0
Unearned investment income		10,343
Amounts withheld or retained by company as agent or trustee		6,813,395
Remittances and items not allocated		1,820,315
Liability for benefits for employees and agents if not included above		18,387,340
Asset valuation reserve		22,116,837
Payable to parent, subsidiaries and affiliates		5,757,778
Payable for securities		2,532,353
Aggregate write-ins for liabilities		1,043,801
Total Liabilities	$	1,221,939,842
Common capital stock	$	3,000,000
Preferred capital stock		15,000,000
Gross paid in and contributed surplus		84,664,794
Unassigned funds		219,740,393
Total Capital and Surplus	$	322,405,187
Total Liabilities, Capital and Surplus	$	1,544,345,029

Summary of Operations

Premiums and annuity considerations	$	33,250,557
Considerations for supplementary contracts with life contingencies		0
Net investment income		94,838,079
Amortization of Interest Maintenance Reserve		70,721
Commissions and expense allowances on reinsurance ceded		5,673,614
Charges and fees for deposit-type contracts		164,998
Aggregate write-ins for miscellaneous income		1,206,903
Total	$	135,204,872
Death benefits		31,638,743
Matured endowments		826,147
Annuity benefits		2,830,778
Disability benefits and benefits under accident and health contracts		636,577
Surrender benefits and withdrawals for life contracts		87,391,195
Interest and adjustments on contract or deposit-type contract funds		4,028,919
Payments on supplementary contracts with life contingencies		2,037,991
Increase in aggregate reserves for life and accident and health contracts		(62,583,614)
Total	$	66,806,736
Commissions on premiums, annuity considerations, and deposit-type contract funds		2,545,724
Commissions and expense allowances on reinsurance assumed		2,341,892
General insurance expenses		19,616,609
Insurance taxes, licenses and fees, excluding federal income taxes		1,729,732
Increase in loading on deferred and uncollected premiums		2,019,025
Aggregate write-ins for deductions		226
Total	$	95,059,944
Net gain from operations before dividends to policyholders and federal income taxes		40,144,928
Dividends to policyholders		9,930,481
Net gain from operations after dividends to policyholders and before federal income taxes	$	30,214,447
Federal income taxes incurred		1,557,390
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains	$	28,657,057
Net realized capital gains		(29,415,660)
Net income	$	(758,603)

Capital and Surplus Account

Surplus as regards policyholders, December 31, 2007	$	341,354,554
Net income, 2008		(758,603)
Change in net unrealized capital gains or (losses)		(26,207,293)
Change in net deferred income tax		4,434,947
Change in non-admitted assets and related items		(8,688,362)
Change in asset valuation reserve		28,879,947
Cumulative effect of changes in accounting principles		-
Dividends to stockholders		(14,110,000)
Capital changes: paid in		(2,500,000)
Aggregate write-ins for gains and losses in surplus		-
Rounding		(3)
Change in surplus as regards policyholders, 2008		(18,949,367)
Capital and surplus, December 31, 2008	$	322,405,187

Analysis of Examination Changes to Surplus

Total Capital and Surplus per Annual Statement, December 31, 2008	$	322,405,187
Total increase (decrease) in Surplus per Examination	$	0
Total Capital and Surplus per Examination, December 31, 2008	$	322,405,187

Comparative Financial Position of the Company

The comparative financial position of the Company for the four-year period ended December 31, 2008 was as follows:

	2008	2007	2006	2005
Assets	$1,544,345,029	$1,647,280,136	$1,651,393,151	$1,652,575,654
Liabilities	$1,221,939,842	$1,305,925,581	$1,353,271,275	$1,393,800,619
Capital and surplus	$ 322,405,187	$ 341,354,554	$ 298,121,876	$ 258,775,035
Premiums and annuity considerations	$ 33,250,557	$ 29,820,227	$ 37,569,378	$ 45,353,051
Net investment income	$ 94,838,079	$ 83,166,049	$ 87,141,887	$ 86,162,228
Net income (loss)	$ (758,603)	$ 21,385,480	$ 19,302,921	$ 7,655,043

NOTE: Amounts presented above for year 2008 are per examination. Amounts for years 2005, 2006, 2007 are per the Company's Annual Statements as filed with the DISB and presented here for comparative purposes only.

Notes to Financial Statement

Note 1: Reserves

At December 31, 2008, the Company reported "Aggregate Reserves for Life Contracts" totaling $1,038,366,263. The assumptions and methodologies utilized by the Company to compute this reserve, and the adequacy of the reserve, were reviewed as part of our examination. As part of our review, we relied upon the Company's Appointed Actuary, who concluded that the assumptions and methodologies used to compute this reserve appeared appropriate and, the reserve appeared sufficient to meet the minimum requirements of the laws of the District of Columbia. The reserve was shown net of estimated amounts recoverable from reinsurance companies under the Company's reinsurance agreements. If the reinsurers were not able to meet their obligations under these agreements, the Company would be liable for any defaulted amounts. As of December 31, 2008, reserve credits taken for cessions to reinsurers amounted to $35,521,832.

Note 2: Preferred Stock

In December 1999, the Company issued 1,000,000 shares of no-par preferred stock, both with a stated value and a liquidation value of $25 per share to Ameritas Life Insurance Corp., an affiliate (now parent, see Subsequent Events), for an initial value of $25,000,000. The stock is redeemable, beginning in 2005. After redemptions, the balance of preferred stock at December 31, 2008 was $15,000,000. See "Capital Stock" section in the body of this report for additional information.

COMMENTS AND RECOMMENDATIONS

During our examination we made suggestions and recommendations to the Company in a management letter. These suggestions and recommendations were not deemed significant for inclusion in our Report on Examination.

SUBSEQUENT EVENTS

Corporate Changes

Subsequent to the examination period, John H. Jacobs, Chairman and Chief Executive Officer of UNIFI Mutual Holding Company, the ultimate mutual holding company parent of the Company, retired effective March 31, 2009. JoAnn M. Martin, President and Chief Executive Officer of Ameritas Life Insurance Corp., was elected to replace Mr. Jacobs as President and Chief Executive Officer of the UNIFI Mutual Holding Company. A corporate restructuring also occurred, resulting in The Union Central Life Insurance Company becoming a wholly-owned subsidiary of the Corporation.

The Union Central Life Insurance Company redomesticated to the State of Nebraska from the State of Ohio effective April 22, 2009.

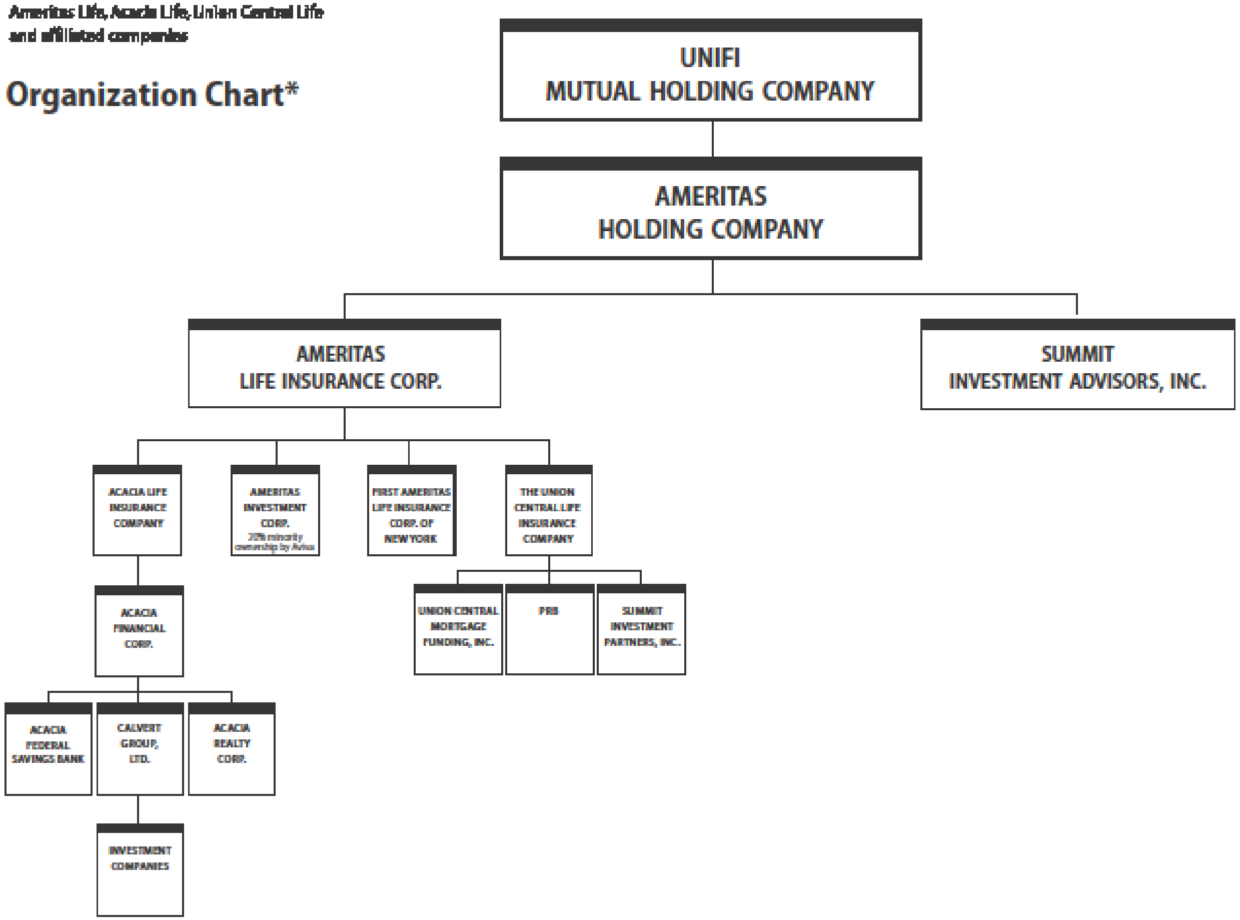
In November, 2009, the DISB was notified of the intent to reposition the Company as a wholly-owned subsidiary of Ameritas Life Insurance Corp. The ultimate parent, UNIFI, indicated that it would cause the Company's immediate parent, AHC, to contribute all of the issued and outstanding common stock of Acacia Life Insurance Company to Ameritas Life, which will remain a wholly-owned subsidiary of AHC. UNIFI will remain the ultimate parent, so there is no change of control.

The following organizational chart reflects these changes.

UNIFI
Companies

Ameritas Life, Acacia Life, Union Central Life
and affiliated companies

Organization Chart*



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*Principal operating companies only

On November 1, 2009, the Company entered into a new reinsurance treaty with UCL to assume UCL's existing in-force block for 10-year term products on a co-insurance basis.

On December 3, 2009, the Board of Directors for AFCO (wholly-owned subsidiary) approved a plan of dissolution subject to various regulatory approvals. Upon dissolution, the Company would directly own AFCO's following subsidiaries: The Calvert Group LTD, AFSB, and Acacia Realty Corporation. The Company's Board of Directors approved this plan of dissolution subject to various regulatory approvals on February 18, 2010.

On March 24, 2010, the Company's Board of Directors approved the formation of a new limited liability company (a real estate investment company) with the Company as the sole member. The Company is authorized to make an initial contribution of $1,000 with additional contributions up to $50,000,000 to this newly formed limited liability company, Griffin Realty LLC ("Griffin"). On March 31, 2010, the Company contributed $41,500,000 to Griffin.

On January 19, 2010, the Company signed an agreement acknowledging the mutual termination of a $10,000,000 unsecured line of credit with a banking institution. No balances were used during this examination period.

Iranian Investments

The California Department of Insurance has issued a moratorium on specified future Iran-related investments. Under the moratorium, companies would be required to non-admit these investments beginning first quarter 2010. Counsels for the Company, Ameritas Life Insurance Corp., The Union Central Life Insurance Company and the holding companies (AHC and UNIFI) responded to the moratorium notice indicating that subsequently a petition for determination has been filed with the California Office of Administrative Law on behalf of the American Council of Life Insurers ("ACLI") and various associations. They further indicated that the UNIFI companies will await adjudication of the petition before they respond further to the California Department of Insurance on this matter.

CONCLUSION

Based upon our examination, the accompanying statements of assets, liabilities, and capital and surplus properly presents the statutory financial position of the Company at December 31, 2008 and the accompanying summary of operations properly presents the statutory results of operations for the period then ended. Section 31-4408 of the Insurance Code of the District of Columbia specifies the minimum level of capital and surplus required for the Company, which is $1,500,000. We conclude that the Company is in compliance with the minimum capital and surplus requirements as of December 31, 2008.

SIGNATURES

In addition to the undersigned, the following examiners representing the District of Columbia Department of Insurance, Securities and Banking participated in certain phases of this examination:

Les Hatley, CPA, FLMI
Joseph W. Detrick, CPA, CISA, CFE, AES

Examiners from the Insurance Department of the State of Nebraska, as lead state, conducted certain portions of the examinations that were mutually in common to the companies in the group. The actuarial portion of this examination was performed by Jeanne Daharsh of the Nebraska Department of Insurance. Information systems were tested jointly by examiners from the Insurance Departments for the States of Nebraska and Ohio.

Respectfully submitted,

E. J. Little

E. Joy Little, CPA, CFE
Examiner-In-Charge
Bostick/Crawford Consulting Group on behalf of the
District of Columbia Department of Insurance, Securities and Banking

Under the Supervision of:

N. Kevin Brown

N. Kevin Brown, CFE, CPA
Chief Examiner
District of Columbia Department of Insurance, Securities and Banking