

5. American Exchange, Pennsylvania Life, and Pyramid Life propose to enter into a Stock Purchase Agreement ("Agreement") to become effective on December 31, 2006. Pursuant to the Agreement, Pennsylvania Life will sell 100% of the shares of Pyramid Life's issued and outstanding common stock to American Exchange, its parent company, for a Purchase Price of approximately \$58,000,000, which is the sum of

- \$33,506,848, representing the statutory book value of Pyramid Life, as of September 30, 2006;
- \$1,000,000, representing the premium for all of Pyramid Life's certificates of authority to operate as an insurance company in good standing;
- plus or minus the difference in the market value minus the statutory book value of Pyramid Life's investment portfolio as of the Closing Date; and
- \$22,700,000, representing the present value of Pyramid Life's in force business.

6. At Closing, the Purchase Price shall be paid by American Exchange to Pennsylvania Life in immediately available cash funds in the amount of \$30,000,000. The remainder of the Purchase Price of approximately \$28,000,000 will be paid by means of a debenture issued from American Exchange to Pennsylvania Life.

7. Subsequent to the cash payment at Closing, Pyramid Life will be a wholly owned subsidiary of American Exchange.

8. Both before and after American Exchange's acquisition of Pyramid Life from Pennsylvania Life, Universal American Financial Corp. is and will continue to be the ultimate controlling person in the insurance holding company system.

CONCLUSIONS OF LAW

9. K.S.A. 40-3304(a) states, in part, as follows:

(a) No person other than the issuer shall . . . enter into any agreement to exchange securities, or, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, . . . at the time . . . any such agreement is entered into, . . . such person has filed with the commissioner of insurance and has sent to such insurer, a statement containing the information required by this section and such . . . agreement . . . has been approved by the commissioner of insurance in the manner hereinafter prescribed.

10. K.S.A. 40-3304(e) states as follows:

(e) The provisions of this section shall not apply to:

Any offer, request, invitation, agreement or acquisition which the commissioner of insurance by order shall exempt therefrom as: (1) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer; . . .

11. Based upon the information enumerated in the Findings of Fact contained in paragraphs one through eight above, and the representations made on behalf of American Exchange Life Insurance Company, the restructuring of the holding company system, whereby the stock ownership of Pyramid Life Insurance Company will be purchased by American Exchange from Pennsylvania Life Insurance Company, is not made for the purpose of and will not have the effect of changing or influencing the control of Pyramid Life, a Kansas-domiciled insurer.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. American Exchange Life Insurance Company shall be exempt from the filing and approval requirements of K.S.A 40-3304(a), as they may be deemed to apply to the reorganization of Universal American Financial Corp., the holding company for Pyramid Life Insurance Company, provided the reorganization is effected within sixty (60) days of the date of this Order.

2. American Exchange shall comply with all of the provisions and requirements of K.S.A. 40-3301, *et seq.*, in the future.

3. The Commissioner of Insurance retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action as necessary to dispose of this matter.

Notice of Rights

American Exchange Life Insurance Company is entitled to a hearing pursuant to K.S.A. § 77-537, the Kansas Administrative Procedure Act. If Applicant desires a hearing, they must file a written request for a hearing with:

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612.

This request must be filed within fifteen (15) days from the date of service of this Order. If American Exchange requests a hearing, the Kansas Insurance Department will notify them of the time and place of the hearing and information on the procedures, right of representation, and other rights of parties relating to the conduct of the hearing, before commencement of same.

If a hearing is not requested in the time and manner stated above, this Order shall become effective as a Final Order upon the expiration of time for requesting a hearing, pursuant to K.S.A. § 77-613. In the event Applicant files a petition for judicial review, pursuant to K.S.A. § 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

**IT IS SO ORDERED THIS 29TH DAY OF DECEMBER 2006 IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.**



_____/s/ Sandy Praeger_____

Sandy Praeger
Commissioner of Insurance

By: _____/s/ Linda J. Sheppard_____

Linda J. Sheppard
Assistant General Counsel