

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Proposed)	
Acquisition of Control of)	
FIRST LIFE AMERICA CORPORATION)	
)	
By)	Docket No. 3600-H
)	
BROOKE HOLDINGS, INC.,)	
BROOKE CORPORATION,)	
ROBERT D. ORR, and LELAND G. ORR)	

ORDER

NOW on this 1st day of December 2006, the above matter comes before the Commissioner of Insurance of the State of Kansas upon the filing of a pre-acquisition notice, pursuant to K.S.A. § 40-3304 and K.A.R. § 40-1-28, in the form of a "Form A" Statement regarding a Proposed Acquisition of Control ("Form A Statement") by Brooke Holdings, Inc., Brooke Corporation, Robert D. Orr, and Leland G. Orr (collectively, the "Brooke Applicants"). The Form A Statement relates to the proposed acquisition of control of the Kansas domestic insurance company, First Life America Corporation ("First Life America"), by the Brooke Applicants. The acquisition of control of First Life America will be effected pursuant to a "Stock Purchase and Sale Agreement" (hereinafter referred to as the "Stock Agreement"), dated October 6, 2006, by and between Brooke Corporation and First American Capital Corporation ("First Capital"), a Kansas insurance holding corporation that currently holds 100% ownership of First Life America.

The Brooke Applicants are represented by their General Counsel and Secretary, James H. Ingraham. The Kansas Insurance Department ("KID") is represented by its General Counsel, John W. Campbell. Also appearing for KID are Linda J. Sheppard, Assistant General Counsel;

Kenneth G. Abitz, Director, Financial Surveillance Division; and Mark E. Owens, Financial Analyst, Financial Surveillance Division.

Pursuant to the authority granted to the Commissioner pursuant to K.S.A. §§ 40-3301 and 40-3304(d)(1), and in accordance with the Kansas Administrative Procedures Act, K.S.A. §§ 77-501, *et seq.*, the Commissioner hereby asserts the following declarations of public interest and policy, findings of fact, conclusions of law, and orders, as follows:

DECLARATIONS OF PUBLIC INTEREST AND POLICY

The Commissioner finds and declares that it is consistent with the public interest and the interest of policyholders to permit insurers to:

- (a) engage in activities which would enable insurers to make better use of management skills and facilities;
- (b) diversify into new lines of business through acquisition and/or organization of subsidiaries;
- (c) have free access to capital markets which could provide funds for insurers to use in diversification programs;
- (d) implement sound tax-planning conclusions; and
- (e) serve the changing needs of the public and adapt to changing conditions of the social, economic and political environment so that insurers are able to compete effectively and to meet the growing public demand for institutions capable of providing a comprehensive range of financial services.

The Commissioner further finds and declares that the policies and purposes in K.S.A. § 40-3301, *et seq.*, promote the public interest by:

- (a) facilitating the achievement of the objectives enumerated in K.S.A. § 40-3301 and set out above;

- (b) requiring disclosure of pertinent information relating to changes in control of an insurer;
- (c) requiring disclosure by an insurer of material transactions and relationships between the insurer and its affiliates, including certain dividends paid by the insurer; and
- (d) providing standards governing material transactions between an insurer and its affiliates.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The findings and conclusions stated herein are based upon the statements made by the Brooke Applicants in the Form A Statement and accompanying documents made under oath and filed with KID by Applicants pursuant to K.S.A. § 40-3304(b) and K.A.R. § 40-1-28.

1. Significant documents have been reviewed by representatives of the Financial Surveillance and Legal Divisions of KID, and the Commissioner has had the benefit of their technical expertise and advice as provided in K.S.A. § 77-546(c).

2. Brooke Holdings, Inc. is a privately held company incorporated in the State of Kansas.

3. Brooke Corporation, a wholly owned subsidiary of Brooke Holdings, Inc., was incorporated in the State of Kansas in 1986 and is a publicly traded corporation listed on the NASDAQ Global Market under the stock symbol "BXXX".

4. Robert D. Orr, Chairman and Chief Executive Officer of Brooke Corporation, beneficially owns in excess of 10% of the total voting securities of Brooke Corporation.

5. Leland G. Orr, Director, Chief Financial Officer, Treasurer and Assistant Secretary of Brooke Corporation, beneficially owns in excess of 10% of the total voting securities of Brooke Corporation.

6. First American Capital Corporation is a publicly held company incorporated in the State of Kansas.

7. First Life America Corporation, the primary subsidiary of First Capital, is a Kansas stock life insurance company organized under the laws of Kansas on July 15, 1997,

8. The purpose of the filing of the “Form A” Statement is to seek authority from KID for the proposed acquisition of control of First Life America by the Brooke Applicants. The terms and conditions of the proposed acquisition are more fully set forth in the duly certified copy of the “Form A” Statement filed with the Commissioner on or about November 30, 2006, pursuant to the Kansas Insurance Holding Companies Act, K.S.A. §§ 40-3301, *et seq.*

9. The Brooke Applicants submitted various Exhibits, A through T, to the Form A Statement, including, but not limited to, the Stock Agreement, organization charts, financial statements, and future business plans for First Life America.

10. The staff of KID have inspected and reviewed the contents of the Form A Statement and Exhibits attached thereto, to the extent necessary, and find that the filing of the Form A Statement and Exhibits are in accordance with K.S.A. § 40-3304 and K.A.R. § 40-1-28 and that the Form A Statement and Exhibits have provided the information required under the Kansas statutes to enable the Commissioner to render a decision on the application.

11. It has been determined that no other person or entity “controls” the Brooke Applicants as that term is defined in K.S.A. § 40-3302(c).

12. The acquisition of control of First Life America will occur through the execution of the Stock Agreement, dated October 6, 2006, by and between Brooke Corporation and First Capital. As a result of the executed Stock Agreement, Brooke Corporation will purchase controlling interest in the issued and outstanding capital stock of First Capital. Through majority

ownership, Robert D. Orr will become the ultimate controlling person of First Capital and its subsidiaries, including First Life America.

13. Evidence has been provided that on October 6, 2006, the Board of Directors of First Capital executed the Stock Agreement as summarized above.

14. A review of the evidence establishes that after the acquisition of control as proposed in the Form A Statement, the Brooke Applicants will be able to satisfy the requirements necessary for maintaining the business of First Life America to the satisfaction of their policyholders.

15. The evidence establishes that, after the acquisition of control as proposed in the Form A Statement, First Life America will be able to satisfy the requirements for the issuance of a license to write the line or lines of business for which they are presently licensed.

16. No evidence has been introduced to establish that the financial condition of the Brooke Applicants will jeopardize the financial stability of First Life America or prejudice the interests of their policyholders.

17. Evidence has been introduced which shows that the Brooke Applicants have no plans or proposals to liquidate First Life America, sell their assets, or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management which would be unfair and unreasonable to the policyholders of First Life America and not be in the public interest.

18. Evidence has been introduced to establish that the competence, experience, and integrity of those persons who will control the operations of First Life America after the acquisition are such that it will be in the interests of their policyholders and of the public interest to permit the acquisition by the Brooke Applicants.

19. Evidence has been introduced to establish that the Brooke Applicants' acquisition of First Life America will not be hazardous or prejudicial to the insurance-buying public.

20. The Form A Statement is in compliance with the provisions of the Kansas Insurance Holding Companies Act, K.S.A. §§ 40-3301, *et seq.* and K.A.R. § 40-1-28.

21. The evidence submitted supports approval of the proposed acquisition of control of First Life America by the Brooke Applicants.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. The application by Brooke Holdings, Inc., Brooke Corporation, Robert D. Orr, and Leland G. Orr to acquire control of First Life America Corporation in the manner set forth in the Form A Statement and Exhibits attached thereto is hereby **approved** pursuant to K.S.A. § 40-3304, provided the acquisition is effected within sixty (60) days of the date of this Order.

2. The Commissioner of Insurance retains jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such further order or orders as may be deemed proper.

Notice of Rights

The Brooke Applicants are entitled to a hearing pursuant to K.S.A. § 77-537, the Kansas Administrative Procedure Act. If the Brooke Applicants desire 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 the Brooke Applicants request 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 the Brooke Applicants file 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 1st 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/ John W. Campbell_____

John W. Campbell
General Counsel

Certificate of Service

I hereby certify that a true and correct copy of the foregoing Order was forwarded via first class mail, postage prepaid on the __4th__ day of December 2006 to:

James H. Ingraham
General Counsel and Secretary
Brooke Corporation
10950 Grandview Drive, Suite 600
Overland Park, KS 66210

Harland Priddle, Chairman of the Board
First American Capital Corporation
1303 S.W. First American Place
Topeka, KS 66604

/s/ Linda J. Sheppard
Linda J. Sheppard
Assistant General Counsel
Kansas Insurance Department