

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

<b>In the Matter of the Proposed</b>	)	
<b>Acquisition of Control of</b>	)	
	)	
<b>FIRST LIFE AMERICA CORPORATION</b>	)	
	)	
<b>By</b>	)	<b>Docket No. 3943-ACQ</b>
	)	
<b>FIRST TRINITY FINANCIAL CORPORATION</b>	)	

**AMENDED ORDER**

NOW on this 23rd day of December 2008, the above matter comes before the Commissioner of Insurance of the State of Kansas to consider the filing of an amended pre-acquisition notice, pursuant to K.S.A. § 40-3304 and K.A.R. § 40-1-28, in the form of an amended "Form A" Statement regarding a Proposed Acquisition of Control ("Amended Form A Statement") by First Trinity Financial Corporation ("Applicant"). The Amended Form A Statement dated December 12, 2008, relates to the proposed acquisition of control of the Kansas domestic insurance company, First Life America Corporation ("First Life America"), by the Applicant, which amends the Form A Statement approved in an order dated October 17, 2008. The acquisition of control of First Life America will be effected pursuant to a "Stock Purchase Agreement" (hereinafter referred to as the "Stock Agreement"), dated July 18, 2008, Amendment No. 1 dated August 29, 2008, and Amendment No. 2 dated December 9, 2008, by and between Applicant and Brooke Capital Corporation ("Brooke Capital"), a Kansas insurance holding corporation that apparently held 100% ownership of First Life America at the time of the Stock Agreement.

The Applicant is represented by its attorney, David D. Knoll and its president, Gregg Zahn. The Kansas Insurance Department ("KID") is represented by its General Counsel, John

W. Campbell. Also appearing for KID are John Wine, 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 Applicant in the amended Form A Statement and accompanying documents made under oath and filed with KID by Applicant pursuant to K.S.A. § 40-3304(b) and K.A.R. § 40-1-28.

1. Additional 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. Applicant is a financial holding company, incorporated in the State of Oklahoma.

3. First Life America, a Kansas life insurance company, was incorporated on July 15, 1997 and was admitted to Kansas on October 15, 1997.

4. No person, or entity, beneficially owns in excess of 10% of the total voting securities of the Applicant.

5. The purpose of the filing of the amended "Form A" Statement is to seek authority from KID for the proposed acquisition of control of First Life America by the Applicant. The terms and conditions of the proposed acquisition are more fully set forth in the duly certified copy of the amended "Form A" Statement officially filed with the Commissioner on or about December 12, 2008, pursuant to the Kansas Insurance Holding Companies Act, K.S.A. §§ 40-3301, *et seq.*

6. The Applicant submitted various Exhibits to the amended Form A Statement, including, but not limited to, the Stock Agreement as amended December 9, 2008, organization charts, financial statements, and future business plans for First Life America.

7. The staff of KID have inspected and reviewed the contents of the amended Form A Statement and Exhibits attached thereto, to the extent necessary, and find that the filing of the amended Form A Statement and Exhibits are in accordance with K.S.A. § 40-3304 and K.A.R. § 40-1-28 and that the amended 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.

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

9. The acquisition of control of First Life America will occur through the execution of the Stock Agreement, as amended December 9, 2008, by and between Applicant, Brooke Capital and First Life America. As a result of the executed and amended Stock Agreement, the Applicant will purchase all of the issued and outstanding capital stock of First Life America. Through such ownership, Applicant will become the ultimate controlling person of First Life America.

10. Evidence has been provided that the Board of Directors of the Applicant approved the execution of the amended Stock Agreement as summarized above.

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

12. The evidence establishes that, after the acquisition of control as proposed in the amended 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 it is presently licensed.

13. No evidence has been introduced to establish that the financial condition of the Applicant will jeopardize the financial stability of First Life America or prejudice the interests of its policyholders.

14. Evidence has been introduced which shows that the Applicant has no plans or proposals to liquidate First Life America, sell its 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.

15. 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 its policyholders and of the public interest to permit the acquisition by the Applicant.

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

17. The amended 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.

18. The evidence submitted supports approval of the proposed acquisition of control of First Life America by the Applicant.

19. Evidence has been introduced which establishes that a “Consent Order Appointing a Special Master” was filed on September 17, 2008, in Case No. 08CV02424JWLOJW in the United States District Court, District of Kansas. Pursuant to the Order, the Special Master, Albert A. Riederer, has extensive authority over Brooke Capital and

related entities and will necessarily be involved in any actions necessary to complete the proposed acquisition.

**IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:**

1. The application by First Trinity Financial Corporation to acquire control of First Life America Corporation in the manner set forth in the amended Form A Statement and Exhibits attached thereto is hereby **approved** pursuant to K.S.A. § 40-3304, provided that (a) the acquisition is effected within sixty (60) days of the date of this Order; and (b) the bonds in First Life of America Corporation's portfolio are to be valued at "Fair Market Value" as of the Closing Date.

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.

3. The authority of the Special Master, Albert A. Riederer, is hereby acknowledged.

**Notice of Rights**

The Applicant is entitled to a hearing pursuant to K.S.A. § 77-537, the Kansas Administrative Procedure Act. If the 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 the Applicant 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 the 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. 9<sup>th</sup> Street  
Topeka, Kansas 66612

**IT IS SO ORDERED THIS 23rd DAY OF DECEMBER 2008, 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 23rd day of December 2008 to:

Gregg Zahn  
President  
First Trinity Financial Corporation  
7633 East 63<sup>rd</sup> Place, Suite 230  
Tulsa, Oklahoma 74133

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/s/ John Wine  
John Wine  
Counsel  
Kansas Insurance Department