

P.O. Box 690, Jefferson City, Mo. 65102-0690

IN RE:	The Proposed Acquisition of	)	
	American Financial Security Life Insurance	)	Case No. 050826325C
	Company by ACA Assurance	)	

## FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

## **Findings of Fact and Conclusions of Law**

Based on the testimony and other evidence presented, I, W. Dale Finke, Director of the Department of Insurance, State of Missouri, find and conclude that:

- 1. On or about August 24, 2005, ACA Assurance (ACA) filed a Form A Registration Statement with the Missouri Department of Insurance (MDI) in connection with the proposed acquisition of The American Financial Security Life Insurance Company (AFSLIC), a Missouri stock life insurance company. A public hearing was held on September 19, 2005, as ordered by the MDI. The MDI's Division of Financial Regulation appeared by counsel. Maria Silva-Hatch testified for ACA.
- 2. Pursuant to the Form A, ACA will purchase from American Way Service Corporation Liquidating Trust 100% of the voting stock of AFSLIC. ACA is a fraternal benefit society organized under the laws of the state of New Hampshire.
  - 3. A preponderance of evidence on the whole record fails to show that:
  - (A) After the acquisition of AFSLIC by ACA, AFSLIC will not be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed;

- (B) The effect of the acquisition of AFSLIC by ACA will be to substantially lessen competition in insurance or tend to create a monopoly in this state;
- (C) The financial condition of ACA is such as might jeopardize the financial stability of AFSLIC or prejudice the interests of its policyholders;
- (D) ACA's plans, if any, to liquidate or sell AFSLIC or to consolidate or merge it with other companies or to make any other material change in AFSLIC's business, corporate structure, or management, would be unfair or unreasonable to policyholders of AFSLIC or contrary to the public interest;
- (E) The competence, experience, and integrity of ACA's management are such that it would be contrary to the interest of policyholders of AFSLIC and to the public to permit the acquisition of AFSLIC by ACA;
- (F) The proposed acquisition of AFSLIC by ACA is likely to be hazardous or prejudicial to the insurance buying public, provided that ACA and AFSLIC comply with the conditions set forth below in the Order.

## **ORDER**

Based on the foregoing Findings and Conclusions, the proposed acquisition of control of American Financial Security Life Insurance Company (AFSLIC) by ACA Assurance (ACA) is **APPROVED WITH CONDITION**, as follows: Immediately upon closing and prior to AFSLIC transacting insurance business under the control of ACA, ACA will establish and thereafter maintain AFSLIC's surplus as regards policyholders at a level of no less than two million five hundred thousand dollars (\$2,500,000).

So ordered, signed and official seal affixed this	s day of November, 2005.
	W. Dale Finke, Director