



DEPARTMENT OF COMMERCE AND INSURANCE

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

**IN RE: Proposed Acquisition of)
Royalty Capital Life Insurance Company,))
A subsidiary of Royalty Capital)
Corporation) Case No. 2110181129F
by)
)
First Trinity Financial Corporation)
And Gregg E. Zahn)**

APPROVAL ORDER

Based on competent and substantial evidence in the administrative record before me, I, Chlora Lindley-Myers, Director of the Missouri Department of Commerce and Insurance, determine that there is no need for additional proceedings or a formal hearing on this matter and hereby issue the following findings of fact, conclusions of law, and order approving the proposed acquisition in this case:

FINDINGS OF FACT

1. On September 29, 2021, First Trinity Financial Corporation (“First Trinity”) submitted a Form A Statement Regarding the Acquisition of Control of or Merger with Royalty Capital Life Insurance Company, a subsidiary of Royalty Capital Corporation (“Domestic Insurer”) by First Trinity to the Missouri Department of Commerce and Insurance (“Department”), Division of Insurance Company Regulation (“Division.”)

2. On October 18, 2021, based on an initial review, the Division identified certain issues with the Form A Statement and requested additional information and changes to the Statement.

3. On October 26, 2021, First Trinity submitted a response to the Division’s October 18, 2021, letter. In that response, First Trinity provided an amendment to the September 29, 2021, Form A Statement and most of the information requested.

4. Amendment No. 1 to the Form A Statement added Gregg E. Zahn (“Zahn”) as a person acquiring control of the Domestic Insurer and explained in more detail the proposed ownership of voting securities.

5. The Division’s review of the amended Form A Statement revealed that First Trinity and Zahn (together, “Applicants”) will acquire the Domestic Insurer by purchasing all the outstanding shares of common stock of Domestic Insurer from its

parent, Royalty Capital Corporation (“Royalty Capital”). Immediately before the closing, Royalty Capital will transfer its net assets to Domestic Insurer, and Domestic Insurer will assume certain expenses of Royalty Capital related to the proposed transaction. Upon the acquisition of all outstanding shares of Domestic Insurer, Applicants expect to contribute all the outstanding shares of common stock to Family Benefit Life Insurance Company, which is owned 100% by Applicants. (Family Benefit Life Insurance Company is a Missouri domestic insurance company.)

6. As outlined above in paragraph 5, Applicants have indicated that they expect to contribute all of Domestic Insurer’s outstanding shares of common stock to Family Benefit Life Insurance Company. Subsequently, the Applicants plan to file for approval of the merger of Royalty Capital Life Insurance Company with and into Family Benefit Life Insurance Company (the “Proposed Subsequent Merger”). The Proposed Subsequent Merger will be subject to a separate determination regarding the fairness and reasonableness to their policyholders and the public in general. Following the proposed merger, Royalty Capital will no longer have a separate corporate existence.

7. In the cover letter accompanying the September 29, 2021, Form A Statement, Applicants expressed the belief that the proposed transaction was not subject to § 382.095, RSMo.

8. Division staff conducted an independent assessment of the claim that the transaction is not subject to the requirements of § 382.095 and determined that it is not.

9. Consequently, the acquisition of Domestic Insurer by Applicants will not substantially lessen competition or tend to create a monopoly in insurance in Missouri.

10. The current financial strength of Applicants appears to be stable.

CONCLUSIONS OF LAW

11. Section 382.040.1, RSMo¹ provides:

No person other than the issuer shall commence a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities for, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, he or she would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of the insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer unless, at the time the offer, request, or invitation is commenced or the agreement is entered into, or prior to the acquisition of the securities if no offer or agreement is involved, he or she has filed with the director and has sent to the insurer a statement containing the information required by section 382.050 and the offer, request, invitation, agreement or acquisition has been approved by the director in the manner prescribed by sections 382.010 to 382.300.

¹ All statutory references are to the RSMo 2016.

12. Section 382.060 provides, in relevant part, that “[t]he director shall approve any merger or other acquisition of control referred to in section 382.040 unless after a public hearing the director” finds certain adverse conditions or consequences related to a merger or acquisition.

13. After a review of the Form A Statement, with the exception of the proposed Subsequent Merger, all its Exhibits and the additional documentation provided by Applicants, pursuant to Section 382.060, the Director fails to find that:

- a. after the proposed acquisition, the Domestic Insurer would not be able to satisfy the requirements for issuance of a license to write the line or lines of insurance for which it is presently licensed;
- b. the effect of the acquisition would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein;
- c. the financial condition of Applicants is such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders;
- d. any plans or proposals by Applicants to liquidate the Domestic Insurer, sell any of its assets, consolidate or merge it with any other person, or make any other material change in the business

or corporate structure or management of the Domestic Insurer are unfair and unreasonable to its policyholders and contrary to the public interest;

- e. the competence, experience, or integrity of the persons who would control or manage the Domestic Insurer post-acquisition are such that it would be contrary to the interest of policyholders and the general public to permit the acquisition; or
- f. the acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

14. The Director's findings above in paragraph 13 do not include any finding or approval of the Proposed Subsequent Merger described above in paragraphs 5 and 6.

ORDER

15. Based on the foregoing Findings of Fact and Conclusions of Law, it is hereby Ordered that the proposed acquisition of Royalty Capital Life Insurance Company by First Trinity Financial Corporation and Gregg E. Zahn as set out in the September 29, 2021, Form A Statement, amended on October 26, 2021 and supplemented in the October 26 and December 7, 2021, Responses is approved. Applicants shall notify the Department of the closing of the proposed transaction as soon as it is final. Pursuant to § 382.195, Applicants shall submit a Form A

exemption pursuant to § 382.070 for the contribution of the acquired shares of Domestic Insurer to Family Benefit Life Insurance Company and a Form D for the Proposed Subsequent Merger for prior Department approval. Pursuant to § 382.120, the Amended Form B is due fifteen days following the end of the month in which the acquisition of Domestic Insurer by Applicants as set out in the Amended Form A Statement closes.

SO ORDERED.

WITNESS MY HAND THIS 04th DAY OF January, 2022.

Chlora Lindley Myers
CHLORA LINDLEY-MYERS
DIRECTOR



NOTICE

TO: Applicant and any unnamed persons aggrieved by this Order:

You may request a hearing in this matter. You may do so by filing a complaint with the Administrative Hearing Commission of Missouri, P.O. Box 1557, Jefferson City, Missouri, within 30 days after the mailing of this notice pursuant to Section 621.120, RSMo. Pursuant to 1 CSR 15-3.290, unless you send your complaint by registered or certified mail, it will not be considered filed until the Administrative Hearing Commission receives it.

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2022, a copy of the foregoing Order and Notice was served upon the Applicant in this matter by UPS, signature required, at the following address:

Gregg E. Zahn
7633 East 63rd Place, Suite 730
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Attn.: Jay H. Wagner, Vice President and
Counsel

Tracking No.

With a copy to:

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