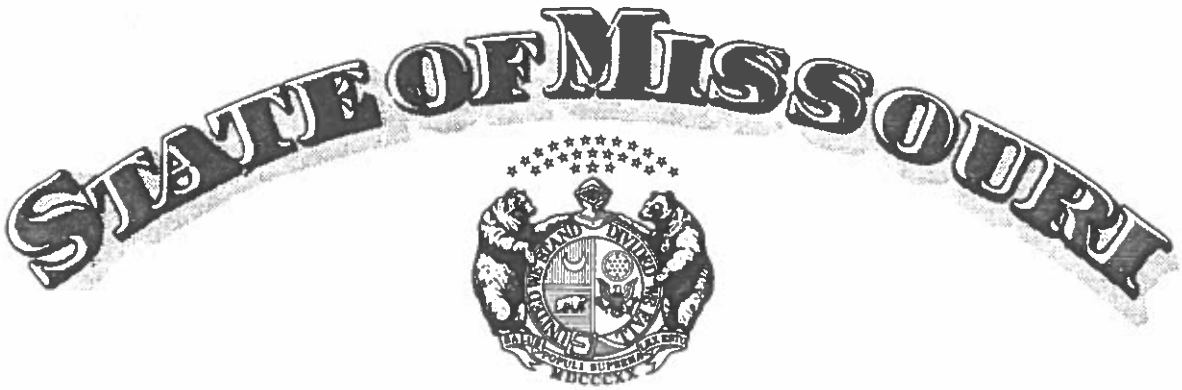

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

IN RE:	**Proposed Acquisition of:**	)	
		)	
	Capital Reserve Life Insurance Company	)	**Case No. 160219095C**
		)	
	by	)	
		)	
	Inspire Capital Corporation.	)	

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Based on the testimony and evidence on the whole record, I, John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration ("Director" of the "Department"), find and conclude that:

1. On or about February 17, 2016, Inspire Capital Corporation ("Applicant") filed a Form A Statement with the Department in connection with the proposed acquisition of control of Capital Reserve Life Insurance Company (the "Domestic Insurer"), a Missouri domestic life insurance company.

2. On February 26, 2016, the Director appointed Mary S. Erickson as Hearing Officer in this matter.

3. On July 27, 2016, the Hearing Officer issued a Notice of Hearing for a public hearing to be held on August 16, 2016.

4. The Applicant provided timely notice of the hearing to the Domestic Insurer. At the August 16, 2016 hearing, the Applicant appeared by President John Perkins, and by counsel, Ann Monaco Warren. The Department's Division of Insurance Company Regulation ("Division") appeared by counsel, Kelly A. Hopper. The Domestic Insurer appeared by counsel, Mark W. Stahlhuth.

5. The Applicant will acquire control of the Domestic Insurer pursuant to a Stock Purchase Agreement dated December 21, 2015, by and among Applicant and American Life & Security Corporation, the current 100% direct owner of Domestic Insurer. Subsequent to the acquisition, the Applicant will hold 100% of the issued and outstanding capital stock of the Domestic Insurer.

6. On August 12, 2016, the Applicant and the Division entered into a Stipulation (the "Stipulation") whereby the Division and the Applicant agreed to certain additional financial benchmarks to be followed by the Applicant and the Domestic Insurer post-acquisition to ensure the protection of current and future policyholders of the Domestic Insurer. Pursuant to the terms of the Stipulation, the Division and the Applicant requested that the Director issue an Order approving the Stipulation, consented to the issuance of such order, and anticipated such approval would be included in these Findings of Fact, Conclusions of Law and Order.

7. After a public hearing pursuant to § 382.060 RSMo, the Director fails to find that:

A. After the acquisition of the Domestic Insurer by the Applicant, the Domestic Insurer will be unable to satisfy the requirements for the issuance of a license to write the lines of business for which it is presently licensed.

B. The effect of the acquisition of the Domestic Insurer will be to substantially lessen competition in insurance or tend to create a monopoly in this State.

C. The financial condition of the Applicant is such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders.

D. The Applicant's plans or proposals, if any, to liquidate the Domestic Insurer, or sell its assets, to consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair or unreasonable to its policyholders or contrary to the public interest.

E. The competence, experience and integrity of the Applicant's management are such that it would be contrary to the interests of policyholders of the Domestic Insurer and of the public to permit the acquisition of the Domestic Insurer by the Applicant.

F. The proposed acquisition of the Domestic Insurer by the Applicant is likely to be hazardous or prejudicial to the insurance buying public.

ORDER

Based on the terms agreed to in the Stipulation by the Division of Insurance Company Regulation and Inspire Capital Corporation, the desire of the Division of Insurance Company Regulation and Inspire Capital Corporation to ensure the protection of current and future Capital Reserve Life Insurance Company policyholders, and the request for and consent to approval of the Stipulation by the Division of Insurance Company Regulation and Inspire Capital Corporation, the Stipulation entered August 12, 2016, attached hereto and incorporated herein, by and between the Division of Insurance Company Regulation and Inspire Capital Corporation is in the public interest and is hereby **APPROVED**.

Based on the foregoing findings and conclusions, and in consideration of the August 12, 2016 Stipulation approved herein, the proposed acquisition of control of Capital Reserve Life Insurance Company by Inspire Capital Corporation is hereby **APPROVED WITH CONDITION**, namely, subject to the terms and conditions of the Stipulation.

So ordered, signed and official seal affixed this 24th day of August, 2016.

JOHN M. HUFF, DIRECTOR
Department of Insurance, Financial Institutions and Professional Registration

IN THE DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION STATE OF MISSOURI

IN RE:	**Proposed Acquisition of:**	)	
		)	
	Capital Reserve Life Insurance Company	)	**Case No. 160219095C**
		)	
	by	)	
		)	
	Inspire Capital Corporation.	)	

STIPULATION

It is hereby stipulated and agreed by the Division of Insurance Company Regulation (hereinafter, the "Division"), and Inspire Capital Corporation (hereinafter, "Inspire"), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereinafter, the "Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and

WHEREAS, Inspire is a Missouri domestic corporation; and

WHEREAS, Inspire filed a Form A statement on or about February 17, 2016, seeking approval from the Director to acquire control of Capital Reserve Life Insurance Company ("Capital Reserve"), a Missouri domestic insurance company; and

WHEREAS, the Division and Inspire desire to ensure the protection of current and future Capital Reserve policyholders; and

WHEREAS, the Division believes that certain additional financial benchmarks are necessary to protect the financial stability of Capital Reserve, to avoid prejudicing the interest of Capital Reserve's policyholders, and to reduce the likelihood that the acquisition will be hazardous or prejudicial to the insurance buying public pursuant to section 382.060.1(3) and (6), RSMo (Supp. 2015); and

WHEREAS, the Division and Inspire have agreed to certain additional financial benchmarks to be followed by Inspire and Capital Reserve post-acquisition as follows:

A. **Scope of Agreement.** This Stipulation embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Financial Benchmarks.** Inspire agrees to comply with the following financial benchmarks in its operation of Capital Reserve post-acquisition:

1. Inspire agrees to ensure that Capital Reserve possesses at least $2,500,000 in actual capital and surplus, as those terms are used in section 376.280.1, RSMo (Supp. 2013), prior to writing any initial insurance business post-acquisition;

2. Inspire agrees to ensure that Capital Reserve maintains a risk-based capital ratio of at least 350% at all times, measured as total adjusted capital divided by authorized control level RBC, as those terms are defined and used in sections 375.1250 to 375.1275, RSMo (Supp. 2014); and

3. Inspire agrees to ensure that Capital Reserve does not issue any dividends, ordinary or extraordinary, that will directly cause, at the time the dividend is issued, Capital Reserve's risk-based capital ratio to fall below 500% or will directly cause, at the time the dividend is issued, the return of any paid-in capital contributed by Inspire to comply with the financial benchmark listed in subsection B.1.

C. **Compliance.** Compliance with the financial benchmarks listed in section B will be reviewed by the Division no less than annually through review of financial statements and other required filings made by Capital Reserve, as well as any other available information.

D. **Initial Effect of Noncompliance.** In the event that the Division determines Inspire or Capital Reserve has failed to comply with one or more of the financial benchmarks listed in section B, or in the event that Inspire or Capital Reserve self-reports noncompliance with one or more of the financial benchmarks, Inspire and Capital Reserve shall remedy the noncompliance within sixty (60) days after the notification of noncompliance from the Division or the self-reporting of noncompliance.

E. **Effect of Continued Noncompliance.** In the event that Inspire or Capital Reserve has failed to remedy the noncompliance within sixty (60) days after the notification of noncompliance from the Division or the self-reporting of noncompliance, Inspire agrees to take

action necessary to cause Capital Reserve to cease the writing of any new insurance business for so long as Capital Reserve remains in noncompliance with one or more of the financial benchmarks listed in section B. Inspire agrees that the failure by Capital Reserve to cease the writing of any new insurance business under these circumstances is sufficient grounds for a finding of hazardous financial condition pursuant to sections 375.539.2(20) and/or 375.1160.2(1)(a), RSMo (Supp. 2013), without waiving notice and an opportunity to be heard as also provided under the statutes cited.

F. **Review of Necessity of Financial Benchmarks.** Beginning with the filing of the annual statement of Capital Reserve as of December 31, 2017, and continuing annually thereafter, the Director shall review the financial condition and business operations of Capital Reserve to determine if, in his discretion, the financial benchmarks listed in section B remain necessary for the protection of current and future Capital Reserve policyholders. Modification or removal of the financial benchmarks shall be executed through an Order of the Director.

G. **Effect of Subsequent Transaction.** In the event that Inspire ceases to exist as a corporate entity or ceases to possess control with a 10% or greater ownership interest in Capital Reserve following a subsequent transaction approved by the Director, its duties and obligations under this Stipulation shall terminate as of the effective date of any event whereby Inspire ceases to exist as a corporate entity or ceases to possess control with a 10% or more ownership interest in Capital Reserve.

H. **Duration of Stipulation.** Inspire's duties and obligations under this Stipulation shall terminate on the three (3) year anniversary of the effective date of this Stipulation, if not previously terminated pursuant to section F or G of this Stipulation.

I. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by all signatories to the Stipulation.

J. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

K. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation.

L. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration approving this Stipulation.

M. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation, and the signatories consent to the issuance of such Order. The signatories anticipate such approval would be included in an Order approving the proposed acquisition of Capital Reserve by Inspire.

DATED: 8/12/16

John Rehagen
Director
Division of Insurance Company Regulation

DATED: 8/12/2016

Kelly Hopper
Legal Counsel
Division of Insurance Company Regulation

DATED: _____

John Perkins
President
Inspire Capital Corporation

[The signature page of this Stipulation is signed in two counterparts]

M. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation, and the signatories consent to the issuance of such Order. The signatories anticipate such approval would be included in an Order approving the proposed acquisition of Capital Reserve by Inspire.

DATED: _____

_____
John Rehagen
Director
Division of Insurance Company Regulation

DATED: _____

_____
Kelly Hopper
Legal Counsel
Division of Insurance Company Regulation

DATED: 8/12/16

_____
John Perkins
President
Inspire Capital Corporation

[The signature page of this Stipulation is signed in two counterparts]