

STATE OF MISSOURI

DEPARTMENT OF



INSURANCE

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

IN RE: The Proposed Acquisition of A. G.)
 Edwards Life Insurance Company)
 by Heartland Health) Case No. 021229676C

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Based on the testimony and other evidence presented, I, Scott B. Lakin, Director of Department of Insurance, State of Missouri, (“Director”) find and conclude that:

1. On or about December 20, 2002, a Form A Registration Statement was filed with the Missouri Department of Insurance (the “Department”) on behalf of Heartland Health (“Applicant”) in connection with the proposed acquisition of A. G. Edwards Life Insurance Company (“A. G. Edwards Life”), a Missouri domestic life insurance company. On January 7, 2003, the Department ordered that a public hearing on the proposed acquisition be held at 1:30 p.m. on January 17, 2003, in Room 530 of the Truman Office Building, 301 West High Street, Jefferson City, Missouri. A public hearing was held on January 17, 2003, as scheduled. Lewis E. Melahn appeared for the Applicant. Mark W. Stahlhuth appeared for the Department’s Division of Financial Regulation.
2. According to the Form A, the Applicant is a Missouri non-profit corporation. Also according to the Form A, Applicant plans to acquire all of the issued and outstanding shares of common stock in A. G. Edwards Life.
3. A preponderance of evidence on the whole record fails to show that:
 - A. After the acquisition of A. G. Edwards Life by the Applicant, A. G. Edwards Life 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 A. G. Edwards Life by the Applicant 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 A. G. Edwards Life or prejudice the interest of its policyholders. Although some concern has been expressed by the Division of Financial Regulation, this concern is alleviated by the condition contained in the order, which condition was agreed to by Applicant.

D. The Applicant's plans or proposals, if any, to liquidate A. G. Edwards Life, to sell its assets or 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 policyholders of A. G. Edwards Life 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 the policyholders of A. G. Edwards Life and of the public to permit the acquisition of A. G. Edwards Life by the Applicant.

F. The proposed acquisition of A. G. Edwards Life by the Applicant is likely to be hazardous or prejudicial to the insurance buying public.

ORDER

Based on the foregoing findings and conclusions, the proposed acquisition of A. G. Edwards Life Insurance Company by Heartland Health is hereby **APPROVED, subject to the following condition:** Heartland Health shall contribute (\$1,500,000) into A. G. Edwards Life immediately upon purchase and, further, starting with the first month business is written, Heartland Health will infuse an additional \$50,000 per month, for up to 10 months, bringing the total initial investment to \$2,000,000; A. G. Edwards Life's actual operating performance may relieve the requirement to fund the full \$2,000,000 subject to the review and concurrence of the Director.

So ordered, signed and official seal affixed this _____ day of _____, 2003.

SCOTT B. LAKIN, Director
Missouri Department of Insurance
State of Missouri