

(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 _____ day of November, 2005.

W. Dale Finke, Director