



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

IN RE: The Proposed Acquisition of)
Maxicare Life and Health Insurance) Case No. 040330391C
Company by Caterpillar, Inc.)

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

Findings of Fact and Conclusions of Law

Based on the testimony and other evidence presented, I, SCOTT B. LAKIN, Director of the Department of Insurance, State of Missouri, find that:

1. On or about March 30, 2004, Caterpillar Insurance Holdings, Inc. ("CIHI") filed a Form A Statement with the Missouri Department of Insurance (the "Department"), and on or about April 21, 2004, Caterpillar, Inc. ("Cat. Inc.") filed a First Amended Form A Statement with the Department, in connection with the proposed direct acquisition of Maxicare Life and Health Insurance Company ("Maxicare"), a Missouri stock life insurance company. A public hearing was held on April 29, 2004, as ordered by the Department. Ann Monaco Warren appeared for Cat Inc. and Mark W. Stahlhuth appeared for the Department's Division of Financial Regulation.

2. Pursuant to the First Amended Form A, Cat. Inc. will purchase from Scott Lakin, Receiver, and from Dennis Eckold, Special Deputy Receiver, for Maxicare Life and Health Insurance Company in Rehabilitation, 100% of the voting stock of Maxicare.

3. Filed with the Form A statement were copies of Form D prior notices of proposed transactions between Maxicare and Cat. Inc. and its affiliates. While useful in the evaluation of

the Form A statement, the Form D prior notices are not within the scope of the hearing on the Form A statement. Accordingly, nothing in this order expressly or implicitly approves or disapproves any Form D prior notice.

4. A preponderance of the evidence on the whole record fails to show that:

(a) After the acquisition of Maxicare by Cat. Inc., Maxicare 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 Maxicare by Cat. Inc., will be to substantially lessen competition in insurance or tend to create a monopoly in this State;

(c) The financial condition of Cat. Inc., is such as might jeopardize the financial stability of Maxicare or prejudice the interests of its policyholders;

(d) The plans, if any, of Cat. Inc. to liquidate or sell Maxicare or to consolidate or merge it with other companies or to make any other material change in Maxicare's business, corporate structure, or management, would be unfair or unreasonable to policyholders of Maxicare or contrary to the public interest;

(e) The competence, experience, and integrity of Cat. Inc.'s management are such that it would be contrary to the interest of policyholders of Maxicare and to the public to permit the acquisition of Maxicare by Cat. Inc.;

(f) The proposed acquisition of Maxicare by Cat. Inc., is likely to be hazardous or prejudicial to the insurance buying public.

Order

Based on the foregoing Findings and Conclusions and pursuant to the provisions of Sections 382.040 to 382.060, RSMo., the acquisition of control of Maxicare Life and Health Insurance Company by Caterpillar, Inc., as proposed in the amended Form A, is **APPROVED**.

SO ORDERED, signed and official seal affixed this _____ day of _____, 2004.

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

MARSHA MILLS, Deputy Director