

STATE OF MISSOURI

DEPARTMENT OF



INSURANCE

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

In re: Proposed Acquisition of ERC Life)
Reinsurance Corporation by)
Scottish Re Group Limited, Scottish Annuity) Case 031107656C
& Life Insurance Company (Cayman) Ltd.)
and Scottish Holdings, 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 Department of Insurance, State of Missouri, find and conclude that:

1. On or about October 30, 2003, a Form A Registration Statement (the "Form A") was filed with the Missouri Department of Insurance (the "Department") on behalf of Scottish Re Group, Limited ("Scottish Re Group"), Scottish Annuity & Life Insurance Company (Cayman) Ltd. ("SALIC") and Scottish Holdings, Inc. ("Scottish Holdings," and together with Scottish Re Group and SALIC, the "Applicants") in connection with the proposed acquisition of ERC Life Reinsurance Company ("ERC Life"), a Missouri domestic life insurance company. On November 14, 2003, the Department ordered that a public hearing on the proposed acquisition be held at 1:30 p.m. on December 2, 2003, in Room 530 of the Truman Office Building, 301 West High Street, Jefferson City, Missouri. A public hearing was held on December 2, 2003, as scheduled. Ellen M. Dunn appeared for the Applicants. Mark W. Stahlhuth appeared for the Department's Division of Financial Regulation.

2. According to the Form A, the Applicants plan to acquire control of ERC Life through the purchase of 95% of the issued and outstanding stock of ERC Life.

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

1. After the acquisition of ERC Life by the Applicants, ERC 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.

2. The effect of the acquisition of ERC Life by the Applicants will be to substantially lessen competition in insurance, or tend to create a monopoly in this state.

3. The financial condition of the Applicants is such as might jeopardize the financial stability of ERC Life or prejudice the interests of its policyholders.

4. The Applicant's plans or proposals, if any, to liquidate ERC 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 ERC Life or contrary to the public interest.

5. The competence, experience and integrity of the Applicants' management are such that it would be contrary to the interests of the policyholders of ERC Life and of the public to permit the acquisition of ERC Life by the Applicants.

6. The proposed acquisition of ERC Life by the Applicants is likely to be hazardous or prejudicial to the insurance buying public.

ORDER

Based on the foregoing Findings and Conclusions, the acquisition of ERC Life Reinsurance Company by the Applicants as proposed in the Form A is hereby **APPROVED**.

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

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