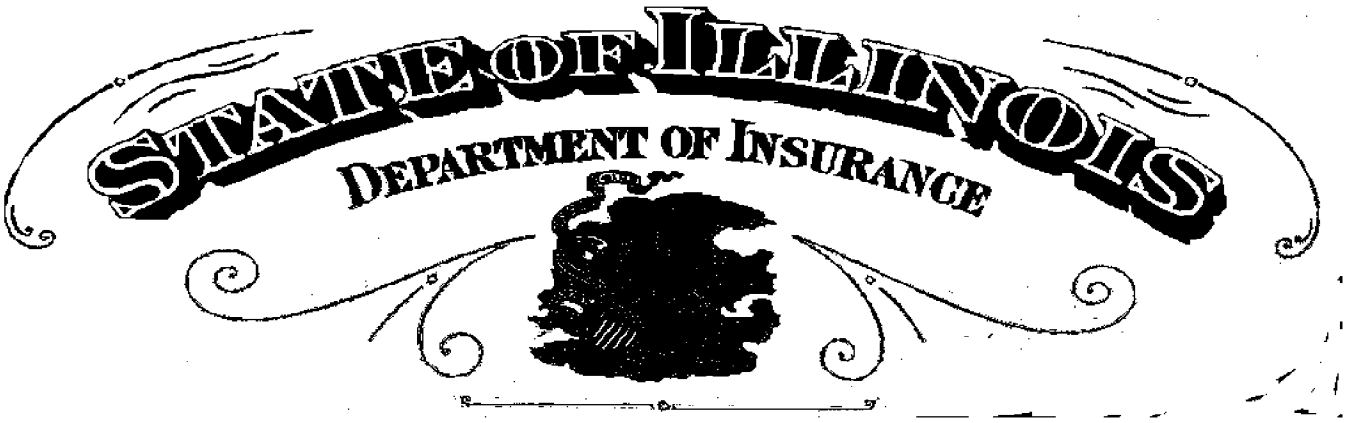

IN THE MATTER OF:

HEARING NO. 15-HR-0539

THE APPLICATION FOR APPROVAL
OF THE MERGER OF MUTUAL TRUST
HOLDING COMPANY INTO
PAN-AMERICAN LIFE MUTUAL HOLDING CO.

FINDINGS OF FACT, CONCLUSIONS OF LAW AND RECOMMENDATIONS OF THE HEARING OFFICER

Now comes Anne Marie Skallerup, Hearing Officer, in the above captioned matter and hereby offers her Findings of Fact, Conclusions of Law and Recommendations to the Acting Director of Insurance, Anne Melissa Dowling, (hereinafter the "Director").

FINDINGS OF FACT

PROCEDURAL DOCUMENTS AND THE EVIDENCE

1) On June 29, 2015, then Acting Director, James A. Stephens ("Acting Director"), issued a Notice of Public Hearing (Notice) in this matter setting a Hearing date and location of the hearing, August 10, 2015 at 10:00 am in the Department's Offices in Springfield, Illinois. The Notice set forth that any interested person may appear or otherwise be heard at the public hearing and contained instructions for the submission of written statements and questions and to make an oral statement during the hearing. (Hearing Officer Exhibit #2)

2) On June 29, 2015, the Acting Director issued an Authority to Conduct Hearing appointing Anne Marie Skallerup as Hearing Officer in this matter. (Hearing Officer Exhibit #1)

3) On June 29, 2015, James C. Rundblom filed a Notice of Appearance as Counsel for the Department. (Hearing Officer Exhibit #3)

4) On July 9, 2015, Sean M. Carney, Jennifer Norris, and Daniel J. Neppl filed a Notice of Appearance as Counsel for Mutual Trust Holding Company. (Hearing Officer Exhibit 4)

5) On July 10, 2015, Cynthia R. Shoss filed a Notice of Appearance as Counsel for Pan-American Life Mutual Holding Company. (Hearing Officer Exhibit #5)

6) Hearing Officer Exhibits 1 – 5 were entered into the Record without objection. (R.13)

7) The Hearing in this matter was convened on August 10, 2015, at the Department's Offices in Springfield, Illinois. Those present included: Anne Marie Skallerup, Hearing Officer; Daniel J. Neppl, Sean Carney, and Jennifer Dooly, Counsel for Mutual Trust Holding Company; Cynthia Shoss, Counsel for Pan-American Life Mutual Holding Company; Jim Rundblom, Counsel for the Department; Stephen M. Batza, President & CEO of Mutual Trust Financial Group; Carlos Mickan, Chief Financial Officer of Pan-American Life Insurance Company; Steven I. Schreiber, Principal and Consulting Actuary of Milliman; Joseph P. Beebe, Managing Director, Group Co-Head of Insurance Investment Banking of Keefe, Bruyette & Woods; Marcy Savage, Acting Assistant Deputy Director of the Department Corporate Regulatory Unit; Susan Lamb, Associate Actuary of the Department; Sara Ross, Supervisor, Department Financial Analyst Unit for Life, Accident, and Health. Also present, but not testifying were Geri Gaughan, General Counsel of Mutual Trust Financial Group; Narayan Shankar, Chief Actuary of Mutual Trust Financial Group; Patrick C. Fraizer, General Counsel of Pan-American Life Insurance Company; and Dale Hagstrom, Actuary of Milliman.[1] (R.7-9, 19, 104).

8) This hearing was held pursuant to the Director's authority set forth in Sections 401, 402 and 403 of the Illinois Insurance Code ("Code") (215 ILCS 5/401, 402, 403). The purpose of this proceeding was to receive testimony and other forms of evidence at the hearing regarding issues relevant to whether the Director should approve or disapprove the Plan of Merger of Mutual Trust Holding Company into Pan-American Life Mutual Holding Company ("Plan") and, if the Plan is approved, whether the Director should impose conditions on such approval. Specifically, the Hearing Officer was authorized to hear testimony and receive and review evidence regarding whether the Plan complies with the provisions of Section 162 of the Code (215 ILCS 5/162).

9) Additionally, Section 59.2 of the Code (215 ILCS 5/59.2(11)(c)) provides that a mutual holding company may enter into a merger agreement at some time after a mutual holding company conversion subject to the approval of the Director and that such transaction be subject to the insurance laws of this State relating to such transactions entered into by a domestic mutual. Former Director Nat Shapo issued an Order ("1999 Order"), dated September 30, 1999, approving Mutual Trust Life Insurance Company's plan for mutual holding conversion pursuant to his authority in Section 59.2 of the Code (215 ILCS 5/59.2). Hearing Officer was authorized to hear testimony and receive and review evidence regarding whether the Plan meets the conditions set forth in the 1999 Order and whether the Director should approve the merger pursuant to Section 59.2.

[1] Mr. Frazier and Mr. Mickan joined the hearing mid-way through Mr. Batza's testimony. Mrs. Ross was present for her testimony only.

10) At the commencement of the Hearing, the parties stipulated to the following evidence (R. 14-16):

a. The Form A submission for the Merger of Mutual Trust Holding Company ("MTH"), an Illinois-domiciled mutual life insurance holding company and the indirect parent company of MTL Insurance Company ("MTL"), an Illinois-domiciled stock life insurance company, into Pan-American Life Mutual Holding Company ("Pan-Am"), a Louisiana domiciled mutual life insurance holding company and the indirect parent company of Pan-American Life Insurance Company ("PALIC") and Pan-American Assurance Company, both Louisiana-domiciled stock life insurance companies ("Form A"). Portions are confidential (MTH Exhibit #1);

b. The written statement of Stephen M. Batza (MTH Exhibit #2);

c. The written statement of Joseph P. Beebe (MTH Exhibit #3);

d. The written statement of Carlos F. Mickan (MTH Exhibit #4);

e. The written statement of Steven I. Schreiber (MTH Exhibit #5);

f. The 1999 Order approving Mutual Trust Life Company's plan for mutual holding company conversion (MTH Exhibit #6);

g. A June 23, 2015 letter from the Department of Insurance to Counsel Shoss indicating the information in the Form A adequately demonstrated that the statutory conditions of Section 131.8 (215 ILCS 5/131.8) of the Code had either been met or will not be violated (MTH Exhibit #7);

h. An April 7, 2015 opinion letter from Keefe, Bruyette & Woods to the MTH Board of Directors opining that, as of the date of the letter, the exchange of the policyholder members' membership interests in MTH for membership interests in Pan-American, as the surviving company following completion of the transaction, is fair, from a financial point of view, to the MTH policyholder members (MTH Exhibit #8);

i. An April 7, 2015 statement of actuarial opinion from Milliman to the MTH Board of Directors setting forth an opinion that the proposed merger is fair to MTL's policyholders from an actuarial point of view (MTH Exhibit #9); and

j. The written statement of Susan Lamb (Department Exhibit #1).

k. MTH submitted an email dated August 11, 2015 regarding the name change of MTL Insurance Company to Mutual Trust Life Insurance Company, the designation of the company as a stock company and a member of the Pan-American Life Insurance Group.

l. The Department responded to the email on the same date.

11) Stephen Batza, President & Chief Executive Officer of Mutual Trust Holding Company, testified in this matter as follows (R. 28-53):

a) He has a Bachelor's degree in mathematics from Siena College, is a fellow of the Society of Actuaries, is a member of the American Academy of Actuaries, and holds a designation as a Chartered Life Underwriter and a Chartered Financial Consultant;

b) MTH Exhibit #2 accurately reflects his written statement in this hearing;

c) He has almost 37 years of experience in the insurance industry;

d) He started working in the insurance industry in 1978 as an actuarial student at a company in South Albany, New York called Farm Family Life Insurance Company;

e) Until he joined Mutual Trust Financial Group, he worked primarily in small businesses. From Farm Family Life Insurance Company, he went to a smaller company called Maine Fidelity Life Insurance Company. He then joined Ernst & Young as a consulting actuary for a short period of time. After Ernst & Young, he went to Boston Mutual Life Insurance Company, which was a small mutual company. He then joined the Boston office of Milliman. He worked at Milliman for approximately five years. He then joined Liberty Mutual Insurance Company, where he started as a pricing actuary, but eventually became their chief operating officer for the company's individual life business. After 10 years there, he was recruited to join Mutual Trust Financial Group. He has been with the company since November of 2007.

f) He is currently the Chairman of the Board of Directors, President and Chief Executive Officer of Mutual Trust Financial Group.[2]

g) MTL[3] is a mutual company that sells primarily whole life products. All of MTL's distribution is through independent agents. MTL focuses on emerging and mass affluent markets with products that have predominately higher cash values that appeal to that market. MTL has been selling products in that market for as long as he has been there, about eight years.

h) MTL is authorized to sell insurance products in all states except New York and the District of Columbia.[4]

i) The company was formed in 1904 as Scandia Life Insurance Company as a mutual insurance company. It changed its name to the Mutual Trust Life Insurance Company in

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[2] MTH Exhibit #2 reflects that Mr. Batza is the Chairman, President and Chief Executive Officer of MTH. (MTH Exhibit #2)
[3] MTL Insurance Company writes policies. MTL Insurance Company is directly owned by MTL Holdings , Inc., the intermediary holding company. MTL Holdings, Inc. is directly owned by Mutual Trust Holding Company.
[4] Directly after stating that the company is not authorized to sell insurance products in the District of Columbia, Mr. Batza answers affirmatively to the question, "So, it is authorized in the District of Columbia?". (See also MTH Exhibit #2)

1919. The company has used the 'Mutual Trust' name since 1919. In 1999, the Mutual Trust Life Insurance Company converted to a mutual holding company, which is its current structure today. The conversion was approved by the Illinois Director of Insurance.

j) MTH Exhibit #6 is the approval from the Department that allowed Mutual Trust Life Insurance Company to convert to a mutual holding structure. The date of the MTH Exhibit #6 is September 30, 1999.

k) After the Director approved the conversion, MTH was required to post a $1.5 million dollar deposit that is still on deposit.

l) The current proposed transaction is actually two transactions. The first transaction would be the merger of the top-level holding companies. Mutual Trust Holding Company would merge into the Pan-American Life Mutual Holding Company. The subsequent merger would be the intermediate holding companies where MTL Holdings Inc. would merge into the Pan-American Life Insurance Group, which is called PALIG ("PALIG"). The company that actually writes insurance, MTL Insurance Company, would become a wholly owned subsidiary under PALIG.

m) Pan-Am has a lot of similarities to MTH. Both have a strong, mutual background and have been around for over a hundred years, but the characteristic he finds most compelling is the fact that the companies' products do not overlap. The merger will be a pure add for both companies with respect to the ability to expand the companies' businesses.

n) Pan-Am operates a domestic market and also a Latin American and Caribbean market. About two-thirds of [Pan-Am's] premium comes from the international markets, which is Latin America and the Caribbean. About one-third comes from the U.S. market, so [Pan-Am] does have a very small U.S. life business, but it is pretty dormant. The product sold in the U.S. market is primarily a group type of product, a group accident and health product.

o) Pan-Am is rated "A" by A.M. Best.[5] MTL's rating is "A minus" from A.M. Best. Both companies have a stable outlook. Pan-Am's rating is a little bit higher.

p) Mutual Trust's has assets of about $3 billion. It's gap capital and surplus was about $300 million, whereas Pan-Am's gap capital and surplus was almost $700 million at year end 2014. Assets are usually spoken of as gap assets because of the way statutory accounting does not account for other Latin American business.

q) Jose Suquet, the President, Chief Executive Officer and Chairman of Pan-Am, approached him to initiate talks regarding a possible combination of the businesses.[6] The

[5] Mr. Batza's written statement reflects Pan-American Life Insurance Company has an A.M. Best Financial Rating of 'A' and MTL Insurance Company has a rating of 'A-'. (MTH Exhibit #2)

initial conversations were to see if there would be any interest in a business combination. They had both known about each other's companies for a little while, so they knew enough to know there could be some good, positive result out of the combination. They just had a brief discussion around that issue. He thought they should discuss the issue further and they signed a non-disclosure agreement in May of 2014.

r) A combination with Pan-Am Group seemed like a unique opportunity in comparison to all potential business partners because not only was Pan-Am larger in capital, which is something a company of Mutual Trust Group's size is always very aware of, but it also is in markets where the Mutual Trust Group was not, and the Mutual Trust Group was in markets where the Pan-Am Group was not. Given the Pan-Am Group's capital background, strength, and the market setup of the two companies, he thought there was a compelling reason to go forward.

s) On June 30, 2014, two senior members of each company met to exchange more detailed information about the two companies and to see if there was anything significant that would keep the companies from moving forward.

t) He brought this idea to the [MTH] Board's attention at the August 2014 board meeting. He did have the go-ahead to pursue the merger on a limited basis in August, but in August the MTH Board formed a Transaction Committee to expedite any decisions that had to be made relative to the transaction. The Transaction Committee was comprised of himself, Martha Hesse, and Peter Mason. Ms. Hesse and Mr. Mason are members of the MTH Board of Directors.[7]

u) The transaction committee hired advisors after approval by the MTH Board. The transaction committee looked to conduct a very thorough due diligence, which was done over the winter of 2014 and into 2015. The Transaction Committee provided guidance during the due diligence process. If there were any issues that came up during the due diligence process, the transaction committee would help him resolve the issue so he could move a decision forward.

v) The Transaction Committee unanimously recommended to the MTH Board of Directors that the Mutual Trust Financial Group move forward with this transaction. The Board of Directors met on April 6, 2015 to consider the proposed merger. The MTH Board of Directors had a discussion with all of the advisors, reviewed all the due diligence to determine whether to approve the merger. During the conversation, the Board had a couple questions the [Transaction Committee] could not answer, so a recess was requested. The Board reconvened on April 7, 2015. The board voted unanimously to approve the transaction at that time.

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[6] Mr. Batza's written statement reflects that Mr. Suquet approached MTH in 2005, 2009, and again in 2014. (MTH Exhibit #2).

[7] MTH Exhibit #2 reflects the Transaction Committee was formed to assist the full MTH Board of Directors in its evaluation of (i) investigating the proposed mergers, (ii) negotiating on behalf of the Mutual Trust Financial Group with respect to the proposed mergers, and (iii) determining whether to recommend the proposed mergers to the full MTH Board of Directors. (MTH Exhibit #2, P.5).

w) The transaction committee hired Keefe, Bruyette & Woods[8] ("KBW") as financial advisors and Milliman as actuarial advisors. KWB reviewed the transaction from a financial perspective with the ultimate goal of providing an opinion that the transaction is fair from a financial perspective to the policyholders. Milliman reviewed the transaction from an actuarial perspective with the ultimate goal of providing an opinion that, for MTL policyholders, that this was a fair transaction.

x) Tab 1 of MTH Exhibit #1 is the merger agreement between Pan-Am and MTH. Section 1.6 of the agreement refers to the members' rights and interests in the surviving mutual holding company. It basically says, at the conclusion of the merger, when the merger becomes effective, that MTL policyholders will still have rights in the new holding company structure. Policyholder members that have voting rights today will have voting rights in the new mutual holding company going forward.

y) MTH Board of Directors also negotiated other merger agreement provisions to protect members of MTH, including the formation of an Advisory Board. The Advisory Board is made up of those MTH Board members that do not move to the Pan-Am Board of Directors. The purpose of the [Advisory] Board will be to make sure that the terms of the merger agreement are adhered to in respect to the interest of [MTL] policyholders. There are also capital provisions that make sure the capital strength of [the MTL Insurance Company ("MTL")] is not weakened through the terms of this transaction. Pan-Am is required to maintain a 400 percent company action level Risk Based Capital ("RBC") for at least the first five years. MTL will not be required to pay any stockholder dividends to the parent during the first five years of the transaction.

z) Section 1.7 of the merger agreement provides that the surviving mutual holding company will have a 12 member board. [Pan-Am's] Board is currently a nine member board. The three additional board members will be current MTH board members. The Mutual Trust Group will have representation on the [surviving company] Board of Directors.

aa) Section 1.8 of the merger agreement is the section regarding the Advisory Board.

bb) Section 1.9 of the merger agreement has to do with executive officers, which essentially says that the current senior staff at the [MTL] would remain in place for at least two years after this transaction.

cc) Section 1.10 of the merger agreement addresses employee matters. For at least the first two years following the transaction, no employees will be relocated or dislocated as a result of the transaction.

dd) Section 1.11 of the merger agreement refers to the location of the MTL's headquarters. It will remain in Oak Brook, Illinois for at least five years following the transaction.

ee) Section 1.13 of the merger agreement is the capital support provision referred to earlier.

[8] Keefe, Bruyette & Woods, a Stifel Company.

ff) All of the above discussed provisions are some of the provisions that were negotiated on behalf of the Mutual Trust Group as ways of protecting MTL member policyholders. It was very important that there was some continuity in management for the MTL policyholders. [The MTH Board of Directors] also wanted to make sure that there would be the capital strength required for long-term commitments to MTL policyholders.

gg) Section 3.1 of the merger agreement refers to the statement of dividend principles. The statement of dividend principles protects the reasonable expectations of MTL policyholders. Going forward, [the MTH Board of Directors] wants to make sure that we use the same dividend methodology that is used today, and also reflect experience, be it positive or negative, in the dividend scale in the same way it is reflected today.

hh) Exhibit 3.1 to the merger agreement (Tab 1 of MTH Exhibit #1) is the actual statement of dividend principles ("Dividend Principle Statement"). [The Dividend Principle Statement] looked at all the various contracts the Mutual Trust Group had written over its history and broke them into four groups. The first three groups, A, B, and C were very small blocks of miscellaneous policies that were issued many years ago. They either do not pay dividends today, or they have very small dividends and never have been changed. For these groups, it was decided to essentially just keep doing what we are doing for those policies. Group D is the bulk of the business, which is the participating life policies. Annual dividends are set for this group based on the experience. That apportionment is done annually in [as] an equitable fashion as possible. Group D has become the focus of the Dividend Principle Statement.

ii) MTH believes it is reasonable for policyholders to expect that there would be no change in the way dividends are determined, the way dividends are apportioned. MTH decided it wanted to crystallize in the [Dividend Principle Statement] that the methodology would remain essentially the same, but also allow for changes based on emerging experience, as interest rates rise or fall, as mortality improves or does not improve, to effect that in the dividend scale.

jj) Consultants from Milliman reviewed the Dividend Principle Statement. The consultants eventually concluded that the plan to merge is fair to the policyholders, that this dividend plan provides for a level of reasonableness that policyholders can expect with respect to future dividends.

kk) MTH Exhibit #9 is the actuarial opinion in which Milliman reached the conclusion that [the merger agreement] is fair from an actuarial standpoint. It is dated April 7, 2015.

ll) MTH Exhibit #8 is a statement of opinion from KBW with respect to the financial aspects of the transaction. It is dated April 7, 2015. KBW concluded that [the merger] is fair from a financial perspective with respect to MTL's policyholders.

mm) The Department, in essence approved the Form A filing (MTH Exhibit #1). MTH Exhibit #7 is the letter from the Department dated June 23, 2015 that essentially approved the Form A filing. The second paragraph of the letter states the information filed in the Form A Statement adequately demonstrates that the statutory conditions of Section 5/131.8 of the Code have either been met or will not be violated.

nn) He is not aware of objections to the proposed merger from policyholder members.

oo) If the Director approves the transaction, MTH will begin the process to obtain policyholder approval. MTH will send out an information booklet called the 'Policyholder Information Booklet'. MTH will establish a special meeting with enough lead time to establish that meeting and have a vote of our policyholders to either approve or not approve the merger.

pp) If the Director approves the transaction, MTL becomes a member of Pan-Am. MTL would like to do business as "Mutual Trust Life Insurance Company, a Pan-American Life Insurance Group Stock Company" because since 1919, it has used the Mutual Trust name. Even when [Mutual Trust Life Insurance Company] converted to a mutual holding company structure in 1999, it marketed its self as a mutual trust financial group even though the stock company entity is MTL Insurance Company. [MTH] believes it is very important for its policyholders to realize that they are still part of a mutual organization and that this transaction has no impact on that.

qq) MTH is asking the Director to first approve the merger with Pan-American Life Insurance Group. Second, to be able to change the name to "Mutual Trust Life Insurance Company, a Pan-American Life Insurance Group Stock Company". Third, [ask the Director] to release the $1.5 million deposit.

12) On Examination by the Department, Mr. Batza testified as follows (R.54-65):

a) He has read and is familiar with the merger agreement. As the Chairman and CEO of MTH he is familiar with the group's present premerger organizational structure and that of its subsidiaries.

b) The MTH is essentially owned by its policyholders.

c) It is fair to say that before the merger, the policyholders of MTL own one hundred percent of MTH, and through that ownership, control all the companies of the Mutual Trust Insurance Group, including MTL.

d) Rather than being a one hundred percent owner of a $300 million gap surplus company, [the policyholders] will be a thirty percent owner of a billion-dollar gap company [after the merger]. So, they will have less than a controlling interest. But, they will have a much larger and stronger interest in a stronger organization.

e) [In exchange for MTH members giving up their controlling interest in MTL] they will be given voting rights as they have today within Pan-Am. With the Dividend Protection Plan, MTH will also make sure that their dividends are protected post-merger so that the stronger of the two companies cannot override their current dividends.

f) The Advisory Board will not have the right to approve or initiate any action on behalf of MTL, and MTL and the surviving mutual holding company will be under no obligation to accept any recommendation of the Advisory Board except to the extent provided in the Dividend Principle Statement. Except that if there is a perceived violation of the merger agreement, the Advisory Board does have the authority to hire outside counsel to pursue any remedies as may be appropriate.

g) There is no Mutual Trust Financial Group legal entity. That is the name that has been given to all four of the companies that are part of this holding company structure.[9] It is MTL Insurance Company that actually issues the policies and not the Mutual Trust [Financial] Group. There are presently no policies being issued within the group by company name, "Mutual Trust".

h) MTL Insurance Company is not a mutual company. It is not a trust. It is a stock company. If the company is allowed to change the name from MTL back to Mutual Trust, there will be a disclosure. The disclosure will say [Mutual Trust Financial Group] wants as part of the name, Mutual Trust Life Insurance Company, a Pan-American Life Insurance Group Stock Company.

i) He is sure there are thousands of policies currently outstanding that are still under the [Mutual Trust Life Insurance Company] name from before the conversion. A very significant number of policies issued prior to 1999 are still in force.

j) The disclosure ["Mutual Trust Life Insurance Company, a Pan-American Life Insurance Group Stock Company"] will be put in advertisements, including electronic media, TV, radio, and internet.

k) Section 1.13 of the merger agreement prohibits dividends from MTL Insurance Company to the stockholder for five years and has a 400 minimum RBC company requirement. The policyholders would receive their policy dividends. There would be no restriction on the policyholder dividends other than what is included in the dividend protection plan. The 400 percent minimum RBC will apply to the MTL Insurance Company if it changes its name to [Mutual Trust Life Insurance Company, a Pan-American Life Insurance Group Stock Company].

[9] Mutual Trust Holding Company, MTL Holdings, Inc., MTL Insurance Company, and MTL Agency Inc.

l) The capital support provisions are part of what the Advisory Board came up with to make sure all the terms of the merger agreement are being adhered to.[10]

m) Section 1.14 of the merger agreement preserves the current operations of MTL Insurance Company. Part of the Plan is to remain in Oak Brook for five years and continue what is being done from a marketing and sales perspective. They will also look for opportunities to leverage the Pan-American brand name in markets that they are in.

n) [Risks considered in connection with the merger] included being a stand-alone company versus being part of a larger organization. MTH felt that in any transaction, there is a possibility that it would kind of lose its identity; that maybe policyholders would lose some of their value in the organization, but that's what it went through in the merger agreement. The provisions protecting policyholders and employees were put in the merger agreement to avoid those risks.

o) [If the $1.5 million should be returned] it would come back into the company surplus and be available to be used for a number of opportunities, whether its investing in things, such as MTH is doing today, such as technology. It could also be used to enhance dividends, but it would not just be part of the surplus structure. A specific use has not yet been identified.

p) Sidley Austin provided a legal opinion that the merger agreement met all the requirements of the Code.

q) No finder's fee was paid in relation to the proposed merger.

r) MTH hired Sidley Austin to do due diligence from a legal perspective, KBW from a financial perspective, and Milliman from an actuarial perspective. From an accounting perspective, MTH also had assistance from Ernst & Young and also used internal resources to look at the due diligence findings.

13) Upon further examination, Mr. Batza testified as follows (R.65-7):

a) As a matter of law pursuant to the merger agreement, all current members of MTH will become full members of Pan-Am, the surviving Pan-American Mutual [Holding Company]. They will have full voting rights provided to any other member of Pan-Am, as well as any other rights that are available or any other rights that are embedded in any other member, including whatever rights there may be to liquidation or proceeds.

b) There is no other consideration being provided to the members of MTH as a result of [this transaction].

c) KBW will receive a fee if the transaction comes to fruition.

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[10] Mr. Batza is most likely means the capital support provisions are what the Transaction Committee or MTH Board of Directors came up with because the Advisory Board will not be formed until after the closure of the merger.

d) MTH did not receive a formal written legal opinion from Sidley Austin that the merger agreement is in compliance with Illinois law.

e) The operating plan referred to by the Department in its examination is consistent with the description that Pan-Am included in their Form A.

14) Upon examination by the Hearing Officer, Mr. Batza testified as follows (R.67-71):

a) MTH has an eight member Board [of Directors]. Three Board members will be moving to the Pan-Am Board [of Directors]. The remaining five will make up the Advisory Board. The Advisory Board is comprised of current MTH board members. Once the transaction closes, MTH's board will be dissolved.

b) The question that could not be answered during the April 6, 2015 MTH Board of Director's meeting related to the accounting due diligence provided by Ernst & Young. The audit chair had one very specific question with respect to an item in the audit footnote. It could not be answered until we could get Ernst & Young and partners from the Pan-American on the phone the next morning.

c) He thinks the MTH Board of Directors had drafts of the Milliman letter (MTH Exhibit #9) and KBW letter (MTH Exhibit #8) during the April 7, 2015 meeting. They wanted to make sure any little things that needed to be changed were changed before the final letters went out.

d) It was explained to him that it is very difficult to determine KBW's fee because you do not see a lot of mutual holding company mergers. If there's two stock companies there is usually a process, but Mr. Beebe felt that looking at the size of the companies, the way that the transaction is structured, that the fee came out to be similar to what [it] would with two stock companies.

15) Steven Schreiber, Principal and Consulting Actuary of Milliman, testified in this matter as follows (R. 71-9):

a) He holds a Bachelor of Science degree in mathematics. He is a fellow of the Society of Actuaries and a member of the American Academy of Actuaries.

b) MTH Exhibit #5 is his written statement in the matter of the application for approval of the merger of MTH into Pan-Am. It accurately reflects his written statement.

c) He has 33 years of experience in the financial service sector. His career started at Mutual Life Insurance Company of New York in 1982. He joined Milliman in 1986. From 1986 onward, he worked in the New York office of Milliman, except for a three-year stint when he worked in Milliman's Tokyo office. Through much of that time, he had been involved in mutual company restructuring type transactions, de-mutualizations, mutual holding company transactions, and mutual-mutual mergers.

d) Milliman is an actuarial consulting firm. It has 2,300 actuaries around the world and has four main practice areas: Life insurance, property and casualty, health consulting, and employee benefits pension. His specialty area is in the life insurance area.

e) A lot of Milliman's work is transaction oriented, whether it is merger and acquisition or mutual company restructuring. Milliman has been involved in a very large proportion of the mutual company restructuring transactions, including demutualizations, mutual holding company transactions, or mutual – mutual mergers.

f) Milliman primarily works for insurance companies, not for departments of insurance, but its work has been presented to probably 15 or more departments of insurance.

g) MTH will merge into Pan-Am, and the MTL Holding intermediate company will merge into PALIG. MTL will be a surviving stock subsidiary of PALIG.

h) Milliman was retained by both companies to assist in the reverse due diligence on Pan-Am, and to do enough research to understand the transaction so as to be in a position to provide an actual fairness opinion to the MTH board of directors. Milliman provided the actuarial fairness opinion in writing.

i) MTH Exhibit #9 is the statement of actuarial opinion of he and Mr. Dale Hagstrom. Mr. Hagstrom is also an actuary at Milliman.

j) In their professional judgment, the appropriate criteria for making an assessment with regard to actuarial fairness to MTL policyholders in this instance involved being able to answer two questions affirmatively. First, will the MTL policyholders be part of an entity that is at least as strong financially as MTL is today? With regard to the first question, the focus was whether the surviving entity will be as strong financially as today's entity. The Second question was whether the arrangements between the parties provide for the continued reasonable financial treatment of the MTL policyholders.

k) They concluded that the MTL policyholders would be part of an entity at least as strong as the entity is today. They reached that conclusion by looking at both companies. The [MTH] and the Pan-Am, together with their insurance companies, are financially secure organizations. Pan-Am's lead insurance company has a slightly higher rating from A.M. Best. It has a "A" rating as compared with the "A minus" rating for the MTL Insurance Company. Pan-Am also agreed to maintain an RBC for MTL, 400 percent company actual level for a five year period, which will allow MTL to continue to grow. After reflecting the capital support and potential synergies between the companies, they had every reason to expect that upon the merger, the combined entities would be at least as strong from a financial perspective as the current financial situation for MTL policyholders.

l) With regard to the second question, they thought the plan provided for appropriate arrangements to protect the interests of MTL policyholders. MTL has an existing dividend protection plan in place that was put in place back in 1999. This plan provides

for a more detailed, more quantitative protection mechanism. This will replace the existing dividend plan. Exhibit 3.1 to the merger agreement spells out in detail the Dividend Principles Statement that is superseding the existing dividend protection plan. Based on their review of that mechanism, they believed it provides for the reasonable dividend expectations of existing policyholders. There are four different groups in the mechanism, but almost all the policyholders fall into group D.

m) Reasonable dividend expectations means, in effect, that you would like to see a continuation of current practices. They took that to mean that if all of the experience underlying the dividend scale, and the 2015 dividend scale continued into the future, that the aggregate amount of dividends paid to MTL policyholders would continue, and the dividend protection mechanism is structured to do just that. The plan should provide for and does allow for reflection of emerging experience. Mortality experience and investment experience are the two main factors, and the mechanism allows for improvements in the dividend scale in the future if experience improves, but also reduction if experience deteriorates.

n) In his professional judgement, the dividend protection plan protects the reasonable dividend expectations of MTL policyholders.

o) The other two reasons he was able to reach an answer to question number two, the dividend protection plan and the existence of the advisory board to enforce the rights of the former MTL members under certain provisions of the [merger] agreements. The third, while there is no plan currently for a future demutualization of Pan-Am, MTL members will be granted equal status in the future if there ever would be a demutualization.

16) On examination by the Department, Mr. Schreiber testified as follows (R.79-81):

a) A common stock dividend distribution is a distribution paid to shareholders of an entity. The policyholder dividend is a dividend paid to participating policyholders from a life insurance company. The participating policyholders are, in effect, receiving a distribution of excess gains above what management has determined is needed to hold in surplus to maintain the financial strength of a company.

b) He considered the actuarial standards of practice when he performed his work for MTH.

c) No material issues have come to light since he performed his work that would cause him to change or qualify his opinion.

17) On examination by the Hearing Officer, Mr. Schreiber testified as follows (R.81-3):

a) Group D policyholders make up almost all of the policyholders covered by the [dividend] protection plan. Groups A, B, and C account for about 400 policies and group D accounts for over 90,000 policies.

b) The existing dividend protection plan operates as many other participating dividend mechanisms operate. There are different approaches, but it's an experience-based mechanism. There are underlying assumptions for the policies; with regard to mortality, interest, expenses, and experience better than those underlying assumptions, that is what gets passed back to policyholders. So the 2015 scale has a whole set of factors built into it, the mortality component, the interest component, and the expense component. If all those experience assumptions continue into the future, the aggregate amount paid will continue into the future. If experience deteriorates, an obvious example seen over the past several years is interest rates declining, there will be less of an interest gain, and that will result in a decline in the aggregate amount of dividends paid under the [dividend protection plan] and under common operation of a mutual. If experience improves in the future, the experience will, over time, be passed back to the policyholders under the formula defined in the [dividend protection plan].

c) Milliman worked very closely with the MTH in drafting the dividend protection plan. Ultimately, it's the company's plan.

18) Upon examination Joseph P. Beebe, Managing Director, Group Co-Head of Insurance of Insurance Investment Banking of KBW, testified as follows (R.84-91):

a) He graduated in 1981 with a degree in economics from Villanova University. He has a MBA in finance from Pacer University.

b) MTH Exhibit #3 is his written statement of testimony and it accurately reflects his written statement.

c) He has been working in the financial services industry close to 35 years. He began working in the industry in 1981. He trained at the Irving Trust Company in New York and spent 14 years with a bank in New Jersey working both in the U.S. and Europe. He then moved on to work for a specialist investment bank called Fox-Pitt, Kelton. He spent about eight years with them. The last 13 or 12 years of his career, he has spent with KWB, running the insurance investment practice. Most recently he is co-head of insurance and asset management.

d) KBW is a leading global specialist involved in financial institutions around the world. The firm covers more publically traded companies from a research perspective than any other firm. KBW has three main disciplines on the investment banking side; depository institutions, the largest part of its business, finance companies, and insurance investment banking practice, focusing on North American and European insurance companies.

e) The proposed transaction is a merger of two mutual holding companies followed by the merger of two intermediate holding companies. Mutual Trust Life will merge into PALIG and remain MTL, a division of PALIG.[11]

[11] MTH Exhibit #1 reflects that MTL Holdings, Inc. will merge into PALIG. MTL Insurance Company will be a subsidiary of PALIG.

f) KBW role in the transaction was financial advisor and also to provide a fairness opinion. KBW looked at the policyholders' ability to receive payment of valid claims and dividend on participating policies and we also looked at the membership's interest and the corporate governing rights that they would have, not only in the combined company, but also in the case of dissolution of the company or subsequent conversion.

g) KBW determined the transaction was fair from a financial point of view to member policyholders. KBW looked at the position of the policyholders and the combined company as a whole. This included the rating of the combined company, the capital of the combined company, and the fact that the combined company had a much more diversified block of business, or business lines than each company independently. KBW also looked at the dividend protection plan as it related to the membership rights. KBW looked at membership rights before and after the transaction and found the rights were either the same or they were enhanced.

h) KBW found the corporate government rights of MTL members to be fair because the rights of those members before and after the transaction were either essentially the same or they were enhanced.

i) MTH Exhibit #8 is the letter supporting KBW's fairness opinion that KBW issued to the MTH board of directors on April 7, 2015. In the context of KBW's engagement, they performed due diligence since MTL was a new client. KBW reviewed its business plan and projections. KBW worked with MTH and its advisors in performing due diligence on Pan-Am. KBW participated in negotiations, looked at related transaction documents and presented their findings to an internal fairness committee for approval before they submitted the April 7, 2015 letter and rendered their opinion to the board.

j) KBW spoke to Jose Suquet, Carlos Mickan, and had access to all of the senior executives in the context of performing due diligence on the company and its plans, not only in the context of the merger, but also its historical performance and plans for building its business for the future.

k) KBW was paid an initial retainer fee of $100,000. They were paid a fairness opinion of $350,000, and then a total fee of $2 million to which the retainer and opinion fee are credited. The total fee, upon successful completion of the transaction, would be $2 million. In his experience, it is customary for an investment banker or financial advisor to be compensated, having a portion of the fee based on the ultimate successful conclusion of the transaction.

19) Upon examination by the Department, Mr. Beebe testified as follows (R.91-4):

a) In reaching its conclusion that the MTL / Pan-American merger is fair from a financial point of view, KBW analyzed the exchange of membership rights with regard to two conditions; The right to receive payment of valid claims and dividends for participating

policies, and the corporate government's rights and rights of MTL members to receive surplus in the event of a conversion or dissolution of MTL Insurance company.

b) In determining fairness, KBW did not consider the loss of corporate government's rights of MTL member to control the MTL Insurance Company through their 100 percent ownership of MTH. On the one hand they lose control, on the other hand, they become part of a larger entity with a better rating with a more diversified book of business, and access to capital. It is part of the advice, but not really what KBW was asked to do in the context of an opinion.

c) MTL members will gain the advantage of an Advisory Board. The Advisory Board will have the ability to enforce the rights of existing MTL members with respect to the capital support, dividends, and future demutualization.

d) The capital support is the fact that the holding company cannot expect a dividend or MTL does not have to pay a dividend to the combined holding company for five years. In addition to that, there's the provision for a minimum RBC ratio of 400 percent.

e) The current RBC ratio at MTL is much higher than 400 percent, so he does not think they expect a contribution, but under the terms of the agreement, a dividend from MTL to the holding company cannot take place within the first five years after the transaction.

20) Upon examination Carlos Mickan, Chief Financial Officer of Pan-American Life Insurance Company, testified as follows (R.96-103):

a) MTH Exhibit #4 is his written statement.

b) He is the vice-chairman of the [Pan-Am] Board and Chief Financial Officer ("CFO").

c) Prior to working at Pan-Am, he was CFO for Principal International in Des Moines, Iowa over the past seven years. Before that, he was Chief Planning Officer for Aetna International in Hartford, Connecticut for three years. Before that, he was CFO for Cigna International and Latin America for 11 years.

d) He has 30 years of industry experience. He has a Bachelor's degree in Business Administration from Universidad de los Andes in Bogota, Columbia and a Master's in international business from the University of South Carolina.

e) Pan-American is a global life, life and group insurance company that offers coverage throughout the Americas, the United States, Central America, South America, and the Caribbean. They offer real life, universal life, annuities and group accident and health throughout the region as well.

f) Pan-American, the holding company[12], the premier holding company, has several companies. Pan-American Life Insurance Company, which is the flagship company

[12] Pan-American Life Mutual Holding Company.

based in Louisiana, and some other subsidiary member companies are part of the group of companies that belong to the intermediate holding company [PALIG].

g) Following the merger, Mutual Trust Life Insurance Group will be responsible for the U.S. domestic operations of Pan-American Life. They will need Pan-American Group's efforts in the U.S. market for real life. [Mutual Trust Life Group] will continue to retain all other businesses throughout the country. Chicago will be established as a base of operation for the life insurance operations in the U.S.

h) The Pan-American Life Insurance Company will continue to do its traditional group insurance, as well as certain universal life products that are sold in the U.S. Hispanic market.

i) The proposed agreement that was reached with the [Mutual Trust Group] calls for 12 members that will operate all the different insurance companies and holding companies. Of the 12 members, none are current Pan-Am board members. The three new members will be MTH existing board members, one of which is Mr. Batza. To comply with Illinois requirements, two more additional employees of MTL that are based in Illinois will serve as additional board members for the MTL Life Insurance Company.

j) Several commitments were made by Pan-Am in the merger agreement to protect existing policyholders of MTL. One was the dividend protection plan, agreeing to no dividends to be paid for five years from MTL to the intermediate holding company, and agreed to maintain a 400 percent RBC for MTL. Pan-Am also agreed to an advisory board that would protect the interests of the policyholders. Also, for five years, the headquarters will be maintained in Chicago.

k) A Form A application was submitted to the Louisiana Department of Insurance on June 5, 2015. There will be a special meeting of [Pan-Am] members on August 11, 2015. After that there will be a public hearing.

l) He expects the Louisiana Commissioner will approve the proposed merger based on Pan-Am's belief that they are in compliance with all the regulations and standards in the code of Louisiana.

m) During the special meeting of Pan-Am members, the members will have the opportunity to approve the proposed merger agreement. Two-thirds of the votes will be cast by members of the Pan-American Life Holding Company in person or by proxy. Approval of the proposed merger agreement by the representative vote of the voting members upon Pan-Am is a condition to and is required for the consummation of the proposed merger.

21) Upon examination by the Department, Mr. Mickan testified as follows (R.103):

a) Pan-Am's current corporate office is in New Orleans, Louisiana.

22) Upon examination, Sara Ross, Supervisor, Department Financial Analyst Unit for Life, Accident, and Health, testified as follows (R.104-11):

a) She works for the Illinois Department of Insurance. She has worked for the Department for 35 years. She has worked in the financial analysis unit for life, accident, and health for 34 years. Her current position is supervisor.

b) As Supervisor, she analyzes the financial stability of life insurance companies. Her work includes supervision of the review of Form As for life insurance companies.

c) A Form A is a document that's submitted when an Illinois domicile company is going to be purchased. Whenever there is a change in control for an Illinois domicile company.

d) There are five standards that must be met in order for the Director to approve a Form A. First, after a change in control, the domestic company would have to be able to satisfy the requirements for issuance of a license to an insurance company. Second, the effect of change in control would not substantially lessen competition in the line of insurance in Illinois. Third, the financial condition of the acquiring party is such not to jeopardize the financial condition of the domestic. Four, any plans, such as liquidation to sell assets, merger or other material changes is fair and reasonable to policyholders. And, five, the competence, experience and integrity of those persons controlling the operations would be in the best interest of the policyholders.[13]

e) She reviewed the work of the analyst that performed the Form A review for the acquisition of MTL Insurance Company by Pan-American. She felt they met the standards to approve the Form A.

f) Her unit recommended that the Director approve the Form A. Her unit sent out an approval letter for the Form A. It is dated June 23, 2015. It is MTH Exhibit #7.

g) The letter contains a list of conditions for approval. The merger agreement submitted with the Form A being reviewed and approved separately within the Department and the other two conditions are standard conditions. If there are any additional documents submitted with the Form A for review, they must be submitted separately for review , and the transaction must be consummated within three months from the date of the letter.

[13] Mrs. Ross read the requirements directly from the Statute. (215 ILCS 5/131.8)

h) Pan-Am would be the new ultimate controlling party [post merger]. MTH is the controlling party [pre-merger]. The change of control was considered in the Form A analysis. That is part of the Form A review, knowing what we would know and learning about the new ultimate controlling party.

i) This is the first time she has done a review that involved a merger or consolidation of two mutual holding companies. It was different, but it did not change the review process. They still investigated the new ultimate controlling party as they normally would.

23) Upon examination, Marcy Savage, Acting Assistant Deputy Director of the Department, testified as follows (R.112-18):

a) She has worked for the Department for 28 and half years. She has been in the corporate regulatory unit for 27 and half years. Her present position is Acting Assistant Deputy Director. She takes care of all the formation of insurance companies, companies applying for admission, name changes, mergers, re-domestication, recordkeeping plan, and dissolutions.

b) Her job duties require her to know various types of organization forms for insurance companies, including stock, mutual, reciprocals, and capital. Stock companies and mutual companies are insurance companies. A Mutual Holding Company is not.

c) A mutual holding company is set up once a company wants to demutualize its form to hold membership interest of the policyholders of the converted stock once its been converted to a stock company. A mutual company holds both the membership interest and the policyholder interest.

d) She reviewed documentation for the merger of MTH with Pan-Am in the course of her job duties. She reviewed the agreement plan of merger of the mutual holding companies, the proposed amended articles of incorporation, proposed bylaws of the Pan-American Life Holding Company, the intermediate proposed articles and bylaws, and the charter of MTA by their board[14].

e) Her unit used the standards of Article 10 of the Code for the review. They reviewed to make sure that the liabilities and obligations of the policyholders and creditors were protected. They made sure there were no reasonable objections.

[14] Mrs. Savage most likely means the Charter of the Advisory Board submitted as Exhibit 1.8(a) of the merger agreement. (MTH Exhibit #1).

f) She was able to determine form the documentation that the proposed merger met those standards. The only item she found objectionable would be the name change. The company would like to take MTL Insurance Company and revert it back or change the name to Mutual Trust Life Insurance Company, which was the company's name when it was a mutual.

g) If the company would put some sort of disclosure or something within their articles of incorporation to distinguish that it is a stock company, then that would probably be more acceptable to our Department. And, it was MTL or Mutual Trust Life Insurance Company, a stock company, or some reference like that within their articles that would indicate that it was a stock company now instead of a mutual company.

h) Disclosure within written documentation that consumers receive could possibly meet conditions not to object to the name change, but she does not review that kind of information.

i) She considers MTH members to be giving up their controlling interest in MTL. Once the merger would take effect, the MTH members would be part of a much larger, stronger financially secure holding company. And they also have mechanisms within their articles and bylaws to include [MTH] board members, and they have an advisory board to make sure everything was taken care of for the protection of the mutual trust policyholders.

j) She is comfortable enough with the protections and the arrangement of the merger agreement that she does not find it reasonably objectionable as far as control issue.

k) There is a reference to the Illinois Secretary of State in the agreement plan of merger. Nothing actually needs to be filed with the Secretary of State. She believes in Louisiana maybe they have to do that, but no documents have to be filed with them in Illinois. It is handled through our Department.

24) Upon examination by the Hearing Officer, Mrs. Savage testified as follows (R.124-27, 130):

a) The name Mutual Trust Life Insurance Company, a Pan-American Life Insurance Group Stock Company could possibly be misleading to consumers. The Director would make a decision on whether she would permit that name of company as she does that with all insurance companies. That is for her approval.

b) She does not know if there would be harm so much to a consumer in the belief that the stock company was a mutual company. There might be confusion because they

are going back to what they were when they were a mutual company before they demutualized. Going back to Mutual Trust Life could be confusing to a policyholder in that mutual is in the name, so it may confuse policyholders to think they have gone back to being a mutual company.

c) Disclosures in marketing materials would help minimize confusion as to what type of company it is.

d) The name change could possibly cause some confusion to regulators. There are almost two different names of insurance companies, so she could see there being some confusion.

e) She did not review the 1999 Order, but she is familiar with the Order. She believes the proposed merger agreement satisfies the standards of the 1999 Order.

25) Upon examination by MTH, Mrs. Savage testified as follows (R.127-8):

a) She believes there would be less confusion if the company simplified the name to Mutual Trust Insurance Company, but include appropriate disclosure both in the articles as well as any marketing materials with a disclaimer or another way that would signify it as a stock insurance company member of the Pan-American family, so as not to combine the names.

26) Upon further examination by the Department, Mrs. Savage testified as follows (R.128-30):

a) Mutual Trust Life Insurance Company with Pan-American Life Insurance Group Stock Company could be confusing in the sense of a policyholder not being sure of which company she is insured by.

b) It is not the identification of Mutual Trust Life Insurance Company as a stock company that is confusing, but the fact that it has two different insurance company names on the logo.

27) Upon examination, Susan Lamb, Associate Actuary of the Department, testified as follows (R.119-23):

a) She has worked for the Department for 12 years. She is an Associate Actuary. She is a member of the American Academy of Actuaries and a Fellow of the Life Management Institute.

b) As a life actuary for the financial regulation division she review life and annuity policy forms for approval. She assists with any complaints that are actuarial in nature. She reviews actuarial opinions and memorandums. She assists with financial and market conduct exams and any reserving issues that come up with the company.

c) She reviews dividend plans occasioned by the merger of mutual holding companies. She reviewed the dividend protection plan for the acquisition of MTH by Pan-Am. She looked at the actuarial standards of practice, in particular, she looked at standards 33 and 37.

d) Department Exhibit #1 is her written statement of testimony for this hearing.

e) She believes the dividend plan meets the applicable standards. She does not find any actuarial reason that the Department should deny the motion. She did not find anything else noteworthy regarding the dividend plan.

28) Upon examination by the Hearing Officer, Mrs. Lamb testified (R.123-4):

a) She is familiar with the 1999 Order. She thinks the new plan provides, as Mr. Schreiber indicated, the reasonable protection of the dividend expectations of the policyholders.

29)Midwest Litigation Services recorded the testimony in this proceeding and charged the Department $451.75 for the court reporter's attendance and the transcript of the proceeding.

DISCUSSION AND ADDITIONAL FINDINGS

The purpose of this proceeding was to recommend approval, disapproval, or approval with conditions of the merger of Mutual Trust Holding Company with and into Pan-American Life Mutual Holding Company and the subsequent merger of MTL Holdings, Inc. with and into PALIG . In this case the surviving entities will be a Louisiana domiciled mutual life insurance holding company and a Louisiana domiciled intermediate holding company. The Parties to the merger agreement are requesting: 1) approval of the merger agreement, 2) release of MTH's $1.5 million statutory deposit, and 3) approval of the name change of MTL Insurance Company to "Mutual Trust Life Insurance Company, a Pan-American Life Insurance Group Stock Company".

The standards for approval of a merger agreement are found in Section 162. 215 ILCS 5/162 provides in relevant part:

(3) In case the surviving or new company is a foreign or alien company, if the Director finds that:

(a) the agreement of merger or consolidation is in accordance with the provisions of this Article [Article X] and not inconsistent with the laws and the Constitutions of this State and the United States;

(b) the agreement of merger or consolidation provides for the assumption by the new or surviving company of all the liabilities and obligations of the companies parties to the merger or consolidation and otherwise affords proper protection for creditors and policyholders and that such provisions are not inconsistent with the laws of the state or country of incorporation of such new or surviving company;

(c) the surviving or new company has complied with all applicable provisions of this Code;

(d) no reasonable objection exists to such merger or consolidation; and

(e) the standards established under Article VIII ½ are satisfied;

he or she shall approve the agreement. If the agreement be approved by the Director, he or she shall file the affidavits and certificates and one of the duplicate originals of the agreement in his or her office, endorse upon the other duplicate original his or her approval thereof, and deliver it, together with a certificate of approval of the merger or consolidation, as the case may be, to the surviving or new company.

Compliance with the provisions of Section 162

Provisions of Article X and laws and Illinois and Federal Constitution

The Record has reflected that the MTH Board of Directors voted unanimously to approve and adopt the agreement and plan of merger on April 7, 2015. (R.41; MTH Exhibit #2, P.1) The transactions contemplated by the merger agreement includes the merger of MTH into Pan-Am, followed by a subsequent merger of MTL Holdings, Inc., a Delaware intermediate holding company and wholly owned subsidiary of MTH, would be merged into Pan-American Life Insurance Group, Inc. (PALIG), a Louisiana corporation and wholly owned subsidiary of Pan-Am. (MTH Exhibit #2, P.1)

The Record also reflects a special meeting of MTL policyholder members will be scheduled following the approval of the merger agreement. At the meeting, MTL policyholder members will have the opportunity to vote on a proposal to approve the plan and merger agreement. Two-thirds of the policyholder members must vote in favor of approval of the plan and merger agreement for it to be approved. Votes may be cast in-person or by proxy, including votes cast by telephone or the internet. Approval of the proposal by the voting MTL policyholder members is required and condition to the consummation of the mergers. (MTH Exhibit #3, p.14)

Additionally, testimony reflects that no finder's fee was paid for assisting, promoting or aiding with the plan of merger and merger agreement. (R.54).[15] Other than what is contained in Section 162,

[15] Section 172 (215 ILCS 5/172) prohibits directors or officers of a company party to the transaction from receiving any fee, commission, other compensation or valuable consideration directly or indirectly related to the aiding, promoting or assisting

the remaining Sections of Article X cannot be satisfied until after approval of the plan and merger agreement.

Nothing in the Record suggests that the plan and merger agreement are inconsistent with Illinois State laws and Constitution or the United States Constitution.

Pan-Am's assumption of the Mutual Trust Financial Group's liabilities and obligations

Pursuant to Section 1.1 of the merger agreement, the surviving mutual holding company will possess the assets and other rights, privileges, immunities, powers, and purposes of each Mutual Trust Financial Group entity and shall be liable for all the liabilities of the MTH to fullest the extent provided by law. (MTH Exhibit #1)

Protection of MTL policyholder and MTH members and creditors

The merger agreement contains a number of provisions designed to protect MTL policyholder members. Protection provisions of the merger agreement include a Dividend Protection Plan, also referred to as the Statement of Dividend Plan Principles, capital support provisions, creation of an Advisory Board, inclusion of MTH Board members on the surviving entities' boards of directors, and agreements to maintain MTL's current management and home office for at least five calendar years after the effective date of the transaction.

The Dividend Protection Plan, also known as the Statement of Dividend Plan Principles, applies from and after the effective date of the merger and is designed to protect and maintain the reasonable dividend expectations of MTL participating policyholders. The Dividend Protection Plan divides MTL's policyholders into four groups. Group A consists of participating polices that are term life insurance policies or deferred annuity policies with a current non-zero dividend scale. Group B consists of participating polices that are single premium life for supplemental security recipient policies with a current non-zero termination dividend scale. Group C policies consist of participating policies that are millennium crown term to 99 policies with a current nonguaranteed premium scale. Group D policies consist of participating policies that are permanent life insurance policies. Groups A, B, and C, were small blocks of business issued in the past that do not pay dividends today or have very small dividends today. Group D is the bulk of the business. (R.47-8)

Dividends for Groups A, B, and C will essentially remain the same. (R.47-8) Pursuant to the terms of the Dividend Protection Plan, the nonguaranteed elements for Group A, B, and C policies are unlikely to ever be made disadvantageous for policyholders compared to the nonguaranteed elements applicable to these groups in 2015. There are no protections for policies that have not paid dividends for years or ever and no dividends are likely, so there are no reasonable expectations of policyholders to protect with regard to those policies. (MTH Exhibit #5, P.7; Exhibit 3.1, Sections 2-4 of tab 1 to MTH Exhibit #1) As for Group D policies, annual dividends will be determined annually. The methodology will essentially remain the same, but will allow for changes based on emerging experiences. (R.47-8) The Dividend Protection Plan specifies an aggregate target for cumulative dividends based on the

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in the merger. Although KBW will be receiving a fee and Milliman, Sidley Austin, and Ernst & Young were paid for their services connected to the proposed transaction, no employee of each respective vendor has been identified as a director or officer of any entity of the Mutual Trust Financial Group or Pan-American Group.

current dividend formula and practices, updated only for emerging mortality, expense inflation and investment return, as well as the amortization of realized capital gains and losses. It reflects MTL's recent dividend practices and provides for the continuation of those practices subject to future experiences, events and circumstances. Pursuant to the terms of the Dividend Protection Plan, the reasonable dividend expectations of policyholders can only be changed with prior approval of the Advisory Board and, after the Advisory Board has been dissolved, with the prior approval the domiciliary regulator. (MTH Exhibit #5, P.5-6; Exhibit 3.1, Section 6 of tab 1 of MTH Exhibit #1) The Dividend Protection Plan also requires periodic review by an independent actuary for compliance with the terms of the plan every three years. (MTH Exhibit #5, P.7; Exhibit 3.1, Section 7 of tab 1 of MTH Exhibit #1)

The Dividend Protection Plan was one of the bases of Milliman's fairness opinion from an actuarial point of view that the arrangements between the parties provide for the continued reasonable financial treatment of MTL policyholders. (MTH Exhibit #5, P.3; MTH Exhibit #9; R.75,78-9) Mrs. Lamb, a Department Actuary, also agrees that the Dividend Protection Plan provides for the reasonable expectations of existing policyholders. (Department Exhibit #1, P.3)

Additionally, Section 1.6 of the merger agreement provides that the rights and interests of each existing MTL member will be converted into corresponding rights and interest in the surviving mutual holding company as a member of the surviving mutual holding company after the merger has become effective. Section 1.7 provides that the board of directors of the surviving mutual holding company will consist of twelve members, including nine Pan-Am designees and 3 MTH designees as provided by the surviving mutual holding company by-laws. One of the MTH designees shall be the Chief Executive Officer of MTH immediately prior to the effective date of the merger. It provides for the same composition with the same board members as the surviving mutual holding company board of directors for the surviving intermediate holding company board of directors. The board of directors of PALIC shall consist of the same nine Pan-Am designees and the same three MTH designees. The Mutual Trust Life Insurance Company (name subject to approval) board of directors, the stock company, will consist of the same nine Pan-Am designees, the same three MTH designees, and two additional persons to be designated by Pan-Am who are employees of MTH. (Tab 1 of MTH Exhibit #1)

Section 1.8 provides that an Advisory Board is to be established directly after the merger to operate for at least seven years following the closing of the merger. The Advisory Board will be comprised of MTH Directors immediately prior to the closing of the merger, other than those MTH Directors serving on the various surviving entity boards. The Advisory Board will be third party beneficiaries of the merger agreement solely for the purpose of enforcing existing MTH's member rights under the specific sections of the agreement relating to surviving mutual holding company's articles of incorporation and bylaws, member rights and interests in the surviving mutual holding company, composition of the surviving companies' board of directors, executive officer designation and duties, location of the Mutual Trust surviving stock company headquarter location, capital support, Dividend Protection Plan, conduct of business pending the merger, and the rights, interests, and remedies of the parties to the merger agreement. The merger agreement provides for one automatic extension for an additional three years of the Advisory Board term unless the surviving mutual holding company board approves its dissolution. (Id.)

Section 1.9 designates the executive officers of the surviving mutual holding company and intermediate holding company. The current officers of MTL will continue to serve as the officers of the surviving mutual trust life stock company. Subject to the oversight of the surviving mutual holding company, they will be responsible for the surviving mutual trust life stock company's day to day operations, including oversight of products, markets, distribution methods and service standards, oversight of actions that may impact existing MTH members and MTL policyholders, and oversight of personnel decisions respect to ongoing operation of the surviving stock company. The surviving organization will be led by Pan-Am's Chairman of the Board, President and CEO, Jose S. Suquet. Stephen Batza, Chairman, President, and CEO of MTH, will lead the Pan-American re-launched U.S. domestic life business from MTL's current headquarters in Oak Brook, Illinois. (Id.; MTH Exhibit #2, P.11).

Pursuant to Section 1.10, prohibits the surviving mutual holding company from actually or constructively terminating employment of, materially changing compensation, employee benefits, or other terms of employment of any MTH or MTH subsidiary employee for two years following the closure of the merger. The surviving mutual holding company will be permitted to terminate any Mutual Trust entity benefit plan and cause employees to participate in a different employment benefit plan, but the plan must offer substantially similar benefits to those provided to Mutual Trust entity employees prior to the merger. (MTH Exhibit #1) Section 1.11 establishes that the surviving mutual trust stock company will continue to operate out of the current executive offices in Oak Brook, Illinois for at least five years after the close of the merger. (MTH Exhibit #1; MTH Exhibit #2, P.10)

The capital support provision is Section 1.13. It provides that the surviving Mutual Trust stock company shall not pay any stockholder dividends or make any similar distributions with respect to its capital stock to the surviving intermediate holding company, surviving mutual holding company or their affiliates for a period of five years after the effective date of the merger. It also requires the surviving mutual holding company to maintain the Rick Based Capital ratio of the Mutual Trust Life stock company at 400 percent or above during the same five year period. (MTH Exhibit #1)

Additionally, existing Mutual Trust Financial Group policyholders and members will become policyholder members of a company having a strong A.M. Best financial rating and become "part of an organization with stronger combined financial resources and broader product offerings and distribution channels" that will likely result in improvements to the Mutual Trust Financial Group's financial strength after the mergers have closed. (MTH Exhbit #2, P.7). Pan-Am had $3.3 billion in assets and $670 million in GAAP equity as of December 31, 2014. (Id.) Becoming part of an organization with a larger capital base will increase the Mutual Trust Financial Group's financial strength, allow it to react more quickly and effectively to changing market conditions, enable it to continue to provide competitive products and services to its policyholders, and support additional growth. (Id. at P.7-8) After the mergers, the surviving holding company will have pro forma December 31, 2014, combined GAAP assets of approximately $5.4 billion and equity of approximately $850 million compared to the GAAP assets of $2.2 billion and equity of $299 million for MTH as of March 31, 2015. (Id. at P.8) MTH members and MTL policyholders will become members and policyholders of a financially stronger organization.

The mergers will most likely result in reduced investment management expenses, capital efficiencies and enhanced capital strategies. Following the mergers, the surviving mutual life stock

company will lead Pan-Am's U.S. life insurance strategy. The companies represent that MTH's products and systems will be combined with Pan-Am's experience serving Hispanic markets to create growth opportunities in the U.S. (MTH Exhibit #2, P.8) MTL policyholders and MTH members will benefit from the enhanced market MTL will access in the new combined organization. (Id.) Furthermore, in its Form A, Pan-Am has represented that it has no plans to liquidate or dissolve MTH or make any other material changes to the business operations, corporate structure or management of MTH. (MTH Exhibit #1, P.4) However, if the surviving company were to seek to engage in a stock offering, demutualization or other transaction requiring allocation of cash, benefits, stock or subscription rights amount to the surviving company members, Section 6.10 of the merger agreement, requires the surviving mutual holding company board of directors to provide all its members with fair and equitable treatment requiring equal treatment for all members, including those who were formerly MTH members under any such plan, of demutualization, distribution, and any distributable amount under the plan. (MTH Exhibit #1, P.56)

A review of the provisions establishing the Advisory Board, providing for the equal treatment of MTH policyholder members in any future plan of demutualization, and the Dividend Protection Plan led Milliman to opine that the arrangements between the parties provide for the continued reasonable financial treatment of MTL policyholders from an actuarial point of view. Milliman also opined that MTL policyholders will be part of an entity that is at least as strong financially and will at least be able to fulfill its guaranteed commitments to policyholders as MTL is today. (MTH Exhibit #9; R.75-9)

KBW in its analysis of the exchange of MTH membership rights for membership rights of Pan-AM considered the right of MTL policyholders to receive payment of valid claims and dividends on certain participating policies and the corporate governance rights and rights of MTH members to surplus in the event of dissolution of conversion of MTL. With respect to policyholder dividend and payment rights, KBW opined that the financial strength of the Mutual Trust Financial Group will be enhanced by the mergers given that the surviving mutual holding company will have a larger surplus, improved access to capital, a higher A.M. Best financial strength rating and financial size category, potential cost savings and revenue enhancements, a broader portfolio, and because of the capital support provisions and Dividend Protection Plan. KBW opined that with respect to MTH membership rights, the merger is consistent with the treatment of mutual holding company members in other mutual holding company to mutual holding company mergers in the life and property sectors since 1998, particularly because KBW found no transactions where consideration paid to members in conjunction with the merger. KBW also opined that MTH members' membership rights will be comparable with membership rights in MTH because there will be no change to the existing MTL policies and terms, membership rights will transfer and MTH members will continue to maintain similar corporate governance rights with regard to voting, board representation, amendments to articles of bylaws and rights upon liquidation or demutualization. Furthermore, the MTH members will also gain the advantage of the Advisory Board. Thus, KBW opined that the transaction is fair from a financial point of view. (MTH Exhibit #3; MTH Exhibit #8) KBW, in determining fairness did not consider the loss of corporate governance rights of a MTH member to control MTL through their 100% ownership of MTH. However, MTH members will become part of a larger entity with a better rating and a more diversified book of business, and access to capital. (R.93)

Marcy Savage, the Acting Assistant Deputy Director of the Department Corporate Regulatory Unit, after a review of the merger agreement, proposed bylaws and articles of incorporation, and

intermediate bylaws and corporation, concluded that the provisions of Article X of the Code (215 ILCS 5/156 *et. seq*)[16] had been met and that the standards established. She also does not find a reasonable objection as to the MTH member loss of a controlling interest because MTH members will become part of a much stronger and financially secure organization and the intermediate bylaws, articles of incorporation, bylaws, and merger agreement provides for the protection of the MTL policyholders. (R.115-8)

The increased financial strength of the combined organization and the assumption of Mutual Trust Financial Group's liabilities by the surviving mutual holding company offer sufficient protection to creditors.

Protection provisions are not inconsistent with Louisiana Law

Sections 4.4 and 5.4 of the merger agreement establish that the execution, delivery and performance of the merger agreement and the consummation of the transactions will not violate any applicable law or order. (MTH Exhibit #1)

An application for merger was submitted to the Louisiana Department of Insurance on June 5, 2015 pursuant to Louisiana's Insurance Holding Company System Regulatory Act. (La. Rev. Stat. Ann. § 22:691) The Louisiana Commissioner of Insurance will schedule a public hearing on the plan of merger. Mr. Mickan expects the Louisiana Commissioner to issue an order approving the merger agreement because, to the best of his understanding and belief as CFO of Pan-Am, he believes the standards set forth in Section 22:691.44 of the Louisiana Insurance Code(La. Rev. Stat. Ann. § 22:691.44) have been or will be satisfied. In particular, 1) the Louisiana domiciled insurers in the Pan-American Life Insurance Group are expected to continue to satisfy the requirements for the issuance of a license to write the lines of business for which they are currently licensed, 2) Mr. Mickan does not anticipate the mergers will substantially lessen competition in Louisiana or anywhere else or create a monopoly, 3) the financial condition of MTL will not jeopardize the financial stability of the Louisiana domiciled insurers or prejudice the interest of the Pan-American Life Insurance Group policyholders, 4) Pan-Am has no plans to liquidate any Louisiana domiciled insurers in the Pan-American Life Insurance Group, to sell their assets, or consolidate or merge them with any entity, or make any other material change in their business or corporate structure or management, 5) the competence, experience, and integrity of those persons who would control the operations of the Louisiana-domiciled insurers in the Pan-American Life Insurance Group will largely remain the same, except for the addition of three highly qualified MTH designees to the Boards of Directors of Pan-American, PALIG and PALIC, and 6) he does not expect the Merger to be deemed hazardous or prejudicial to the insurance-buying public. (MTH Exhibit #4)

The surviving company will comply with all applicable provisions of the Code

There is no reason to believe that the surviving companies will not comply with all applicable provisions of the Illinois Insurance Code (215 ILCS 5).

[16] The standards of Article X include that no reasonable objection exists as to the plan of merger. See 215 ILCS 5/162(3)(d).

No reasonable objection exists to the merger

There were no interested persons present at the public hearing and no written statements were submitted by any interested persons. Thus, no reasonable objection has been heard by any interested person.

Miss Lamb opined that there is no actuarial reason to deny the proposed plan of merger. (Department Exhibit #1; R.123) and the Department's counsel in his opening and closing represented that the Department views the proposed transaction favorably. (R.27, 135-6) The only objection raised, was an objection to the name change of the surviving mutual stock company, "Mutual Trust Life Insurance Company, a Pan-American Life Insurance Group Stock Company". (R.115-6) The name could lead to confusion as to the underwriter of the policy and the corporate structure of the company. However, such confusion can be clarified with a proper designation of the surviving mutual trust stock company as a stock company in its articles of incorporation and by-laws. (R.116) Marketing and promotional materials can also designate the company as a stock company to avoid confusion as the corporate structure of the entity and such materials can identify the stock company as a member of the Pan-American Life Insurance Group to minimize consumer confusion as to the underwriter.

The standards of Article VIII1/2 have been satisfied

Article VIII1/2 consists of Sections 131.1 to 131.30 of the Code (215 ILCS 5/131.1 *et. seq.*) Section 131.8 (215 ILCS 5/131.8) establishes the conditions upon which the Director shall approve a merger after a Form A has been filed. Specifically, it provides that the Director shall approve a change in control unless the Director finds: 1)the company would not be able to satisfy the requirements for the issuance of license to write the lines of business for which it is presently licensed, 2)the effect of the merger would substantially lessen competition in Illinois or create a monopoly, 3)the financial condition of the acquiring party is such that it would jeopardize the financial stability of the domestic company or jeopardize the interests of its policyholders, 4) the plans of the acquiring company including liquidation of the domestic company, selling of its assets or consolidating or merging the company with another entity, or making any other material change to its business, corporate structure, or management would be unfair and unreasonable to the domestic company's policyholders and not in the interest of the public, and 5) the competence, experience and integrity of the persons who would control the operation of the domestic company are such that it would be in the best interests of the domestic company's policyholders and of the insurance buying public to permit the merger. (Id.)

The Department issued a letter dated June 23, 2015, setting forth that the Form A adequately demonstrates that the statutory conditions of Section 131.8 of the Code (215 ILCS 5/131.8) have been met or will not be violated. (MTH Exhibit #7)

1999 Director's Order Approving Mutual Trust Life Insurance Company's Conversion Plan

In 1999, former Director Nat Shapo approved Mutual Trust Life Insurance Company's, then a mutual company, plan for mutual holding company conversion. In the 1999 Order, Director Shapo, pursuant to his authority in Section 59.2 of the Code (215 ILCS 5/59.2(5)(c)) specified that all the following actions be subject to the prior approval of the Director: (i) any acquisition or formation of an

affiliated entity of the Holding Company; (ii) any changes to the articles of incorporation, bylaws, or capital structure of any intermediate holding company; (iii) any changes to the trust agreement; (iv) any issuance [with or without consideration] of equity [voting or nonvoting] or debt securities by any intermediate holding company or by MTL Insurance Company [portion omitted]; (v) the expansion of the Holding Company, any intermediate holding company, or any affiliated entity into lines of business, industries, or operations not presented at the time of business; (vi) any change to the "existing dividend determination method" [described in Exhibit G to the plan of conversion] for the determination of divisible surplus or the allocation of divisible surplus; (vii) any dividend distributions from MTL Insurance Company or any intermediate holding company; (viii) the pledge, encumbrance, or transfer of stock of MTL Insurance Company; (ix) the distribution or employment of MTL Insurance Company's excess accumulated earnings, defined as pre and post conversion earnings in excess of the dividends proposed to be paid to policyholders in accordance with the "existing dividend determination method" [portion omitted]; and (x) the distribution or employment of excess accumulated earnings of the Holding Company and any plan for a waiver of dividends payable to the Holding Company as proposed in the conversion plan [portion omitted]. All of the foregoing actions must be approved by the MTH Board of Directors prior to submission to the Director. (MTH Exhibit #6)

Pursuant to the 1999 Order, the actions subject to the Director's approval arising out of the proposed plan of merger is the acquisition[17] of MTH and MTL Holdings, Inc. The MTH Board of Directors has already voted in favor of the merger agreement. Although MTH and MTL Holdings, Inc. will cease to exist upon completion of the merger, it may be in the spirit of the 1999 Order for the Director to grant prior to the articles of incorporation and bylaws of surviving intermediary holding company, and the replacement of the existing dividend determination method as established in the approved conversion plan and approved in the 1999 Order by the Dividend Plan Protection in superseding fashion. However, such approval is inherent in the approval or disapproval of a merger agreement under Article X (215 ILCS 5/156 *et. seq.*).

Section 59.2(11)(c) (215 ILCS 5/59.2(11)(c)) also provides that a mutual holding company may enter into a merger agreement with another mutual holding company at some time after conversion with the approval of the Director.

Statutory Deposit

The Parties to the merger agreement are also requesting the release of MTH's $1.5 million statutory deposit required by the 1999 Order and as required by Section 53 (215 ILCS 5/53). Section 59.2(11)(a) of the Code (215 ILCS 5/59.2(11)(a)) provides that, "a mutual holding company shall have the same powers granted to domestic mutual companies *and be subject to the same requirements and provisions of Article III [215 ILCS 5/36 et. seq.]* and any other provisions of this Code applicable to mutual companies that are not inconsistent with the provisions of [Section 59.2]...[emphasis added]." Nothing in Section 59.2 exempts mutual holding companies from the statutory deposit requirements of Section 53 (215 ILCS 5/53).

[17] Section 131.1 defines "acquiring party" as such person by whom or on whose behalf the merger or other acquisition of control referred to in Section 131.4 is to be affected and any person that controls such person or persons. (215 ILCS 5/131.4, 131.4)

Statutory Deposits are made for the protection of all creditors, policyholders and policy obligations of a company. Section 53 allows release of a statutory deposit upon one of the following: 1) certification by the company that it has no outstanding creditors, policyholders, or policy obligations in effect and no plans to engage in the business of insurance, 2) receipt of a lawful resolution of the company's board of directors effecting the surrender of its articles of incorporation for administrative dissolution by the Director, or 3) receipt of the name and forwarding address for each of the final officers and directors of the company, together with a plan of dissolution approved by the Director (215 ILCS 5/53(a)).

None of the conditions for release of the statutory deposit are met in this instance. However, the 1999 Order imposes this condition upon MTH, a mutual holding company organized under Section 59.2, which will cease to exist after the conclusion of the merger. The surviving mutual holding company will exist under the laws of Louisiana. Although, many policies issued by MTL and pre-conversion Mutual Trust Life Insurance Company will remain inforce after the effective close of the merger and the surviving Mutual Trust stock company will continue to operate out of Illinois and continue to write insurance, the surviving mutual holding company will be assuming all liabilities of the Mutual Trust Financial Group. Mr. Batza testified that if the $1.5 million were to be released it would go back into the surplus and be available to be used for a number of opportunities, such as technology investment. Although, he indicated a specific use had not yet been identified. He also testified that it may be used to enhance dividends. (R.63)

Per the terms of the merger agreement, the surviving mutual holding company is required to maintain a 400 percent RBC in the surviving Mutual Trust stock company for at least five years following the close of the merger. The Director will also continue to have authority under Article IIA (215 ILCS 5/35A-1 *et. seq.*) of the Code to request and receive RBC Reports to ensure proper protection as intended by Section 53 of the Code (215 ILCS 5/53).

CONCLUSIONS OF LAW

Based upon the above Findings of Fact and the entire Record in this matter, the Hearing Officer offers the following Conclusions of Law to the Director of Insurance:

1) Anne Marie Skallerup was duly appointed Hearing Officer in this matter pursuant to Section 5/402 of the Illinois Insurance Code (215 ILCS 5/402).

2) The Director of Insurance has jurisdiction over the subject matter and the parties in this proceeding pursuant to Sections 5/59.2, 5/162, 5/401, 5/402, and 5/403 of the Illinois Insurance Code (215 ILCS 5/59.2, 5/162, 5/401, 5/402, and 5/403).

3) The Director has authority to approve or disapprove an acquisition of Mutual Trust Holding Company pursuant to the 1999 Order and issued pursuant to the Director's authority found in Section 59.2 of the Code (215 ILCS 5/59.2) and Section 59.2(11)(c) (215 ILCS 5/59.2(11)(c)).

4) The Department has determined that the Form A has demonstrated that the statutory provisions of Section 131.8 (215 ILCS 5/131.8) have been met or will not be violated.

5) The Director has authority under Section 162 (215 ILCS 5/162) to approve, approve with conditions, or disapprove an agreement of merger.

RECOMMENDATIONS

Based upon the above Findings of Fact, Conclusions of Law and the entire Record in this matter, the Hearing Officer offers the following Recommendations to the Director of Insurance:

1) The Director approve the acquisition of Mutual Trust Holding Company, however, such approval shall be conditioned upon the Louisiana Commissioner's approval of the Plan of Merger.

2) The Director approve the Plan of Merger Agreement, however, such approval shall be conditioned upon the Louisiana Commissioner's approval of the Plan of Merger.

3) The Director release Mutual Trust Holding Company's statutory deposit upon the earlier date of the effective date of the Merger of Mutual Trust Holding Company with and into Pan-American Life Mutual Holding Company or the date that Mutual Trust Holding Company ceases to exist as a separate corporate entity.

4) The Director approve the proposed name of the surviving Mutual Trust stock company, "Mutual Trust Life Insurance Company, a Pan-American Life Insurance Group Stock Company", however, such approval is conditioned upon:

   a. The designation of the company as a stock company in the surviving Mutual Trust stock company's articles of incorporation and by-laws; and

   b. Disclosure of the surviving Mutual Trust stock company as a member of the Pan-American Life Insurance Group in all marketing and promotional materials.

5) The Director require the Parties to the Plan of Merger pay all fees and expenses incurred by the Department in the amount of $451.75.

Respectfully submitted,

Date: September 18, 2015

Anne Marie Skallerup
Hearing Officer