

NOV 12 2014

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

FILED

IN THE MATTER OF THE)	FINDINGS OF FACT, CONCLUSIONS
ACQUISITION OF CONTROL OF)	OF LAW, AND ORDER
WEST COAST LIFE INSURANCE)	
COMPANY)	CAUSE NO.: C-2113

On July 21, 2014, The Dai-ichi Life Insurance Company, Limited (“Applicant”) filed an application (“Form A”) seeking approval to acquire control of West Coast Life Insurance Company (“WCL”), a Nebraska domestic insurer. The application was filed, and supplemented, pursuant to the Insurance Holding Company System Act, Neb. Rev. Stat. §§ 44-2120 to 44-2153. Applicant received a Notice of Public Hearing filed by the Nebraska Department of Insurance (“Department”) on October 15, 2014. Applicant also filed a Form A application with the Tennessee Department of Commerce and Insurance (“Tennessee Department”) seeking to acquire Protective Life Insurance Company (“PLIC”), a Tennessee domestic insurance company and 100% parent corporation of WCL.

On November 4, 2014, a consolidated public hearing was held jointly before the Department and the Tennessee Department at the offices of the Tennessee Department. Nebraska Department Director Bruce R. Range and Commissioner of the Tennessee Department of Commerce and Insurance, Julie Mix McPeak, jointly presided over the hearing. Patsy Norman, a Certified Court Reporter, was present and recorded the hearing. Matthew Holman, Legal Counsel, and Justin Schrader, Chief Financial Examiner, represented the Department. Tony Greer, Chief Counsel for Insurance and TennCare Oversight, represented the Tennessee Department.

Applicant, WCL, and PLIC, were present and represented by Stephen Taylor, Bass, Berry & Sims, PLC. Applicant presented testimony in favor of the acquisition through Sugio Suzuki, President of Dai-ichi Life International (U.S.A.), Inc. WCL and PLIC presented testimony in favor of the acquisition through Steve Walker, Senior Vice President and Chief Accounting Officer and Controller of Protective Life Corporation. The Tennessee Department presented testimony in favor of the acquisition through Trey Hancock, Lead Life & Health Analyst. The Department presented testimony in favor of the acquisition by affidavit of Justin Schrader, Chief Examiner. Exhibits were offered by Applicant, the Tennessee Department, and the Department, and received into the record. The Department provided Applicant with notice of the public hearing and Applicant provided WCL notice of the hearing in conformity with Neb. Rev. Stat. § 44-2127(2). No testimony or documentary evidence was offered in opposition to the proposed acquisition.

On the basis of the filings, correspondence, and information provided to the Department, the Director approves the application and finds, concludes, and recommends as follows:

FINDINGS OF FACT

1. On July 21, 2014, the Department received a verified Form A from the Applicant for approval to acquire control of WCL through an Agreement and Plan of Merger (“Merger Agreement”). The application and subsequent amendments were filed pursuant to the Insurance Holding Company System Act, Neb. Rev. Stat. §§ 44-2120 to

44-2153 (“the Act”), specifically § 44-2126. The Merger Agreement will result in Applicant gaining control of WCL as control is defined in the Act.

2. WCL is a domestic insurer organized under and governed by the laws of the State of Nebraska. WCL obtained its Certificate of Authority to transact the business of life and health insurance in this state on December 12, 1990. WCL is currently a stock-based life and health insurance company.

3. Applicant is a *kabushiki kaisha*, organized under the laws of Japan. Applicant is the second largest private-sector life insurance company in Japan as measured by total assets as of March 31, 2014. Applicant also oversees life insurance businesses in Vietnam, Australia, Thailand, Indonesia, and India, as well as offices in New York, London, Hong Kong, Beijing, Shanghai, and Taipei. As of March 31, 2014, Applicant had consolidated total assets of approximately \$366.3 billion.

4. Protective Life Corporation (“PLC”) is an insurance holding company system domiciled in Delaware, and the ultimate owner of all outstanding shares of common stock of PLIC and WCL.

5. DL Investment Inc., a Delaware corporation, is a wholly owned subsidiary of Applicant.

6. On June 3, 2014, Applicant, DL Investment Inc., and PLC executed the Merger Agreement. The Merger Agreement provides for the transaction to close following, among other things, PLC’s stockholder approval and the proper regulatory approval of each state and federal agency where approval is necessary.

7. As consideration for the transaction, the Merger Agreement provides that all outstanding shares of common stock of PLC will be cancelled and converted into the right to receive \$70 cash without interest, less any applicable withholding taxes. No payment will be made with respect to shares of common stock owned by Applicant or PLC or their respective direct or indirect wholly-owned subsidiaries, and no payment will be made with respect to shares of common stock for which appraisal rights have been properly exercised in accordance with Delaware law. Each share of DL Investment, Inc. issued and outstanding immediately prior to the closing will be converted into one fully paid and nonassessable share of common stock of the surviving corporation.

8. The aggregate amount of funds required for Applicant to effect the merger will be approximately \$5.7 billion. Applicant expects to obtain such funds from its own cash and short term investments and from the net proceeds of a proposed public and Rule 144A offering of common stock by the Applicant. The Applicant does not expect to borrow any funds to effect the proposed transaction.

9. As a result of the transaction, DL Investment, Inc. will merge with and into PLC, with PLC continuing as the surviving corporation. As a result, PLIC and WCL will respectively become a direct and indirect wholly owned subsidiary of Applicant.

10. Applicant has no plans or proposals to cause WCL to declare an extraordinary dividend, liquidate, sell any of its assets (other than asset sales in the ordinary course of business), or merge with any person. Similarly, except as may arise in the ordinary course of business, Applicant has no plans to make any material changes in the business operations or corporate structure or management of WCL.

11. Applicant has filed all the documents and information required by law and requested by the Department.

CONCLUSIONS OF LAW

1. The Department and Director have jurisdiction over the subject matter of this proceeding.

2. On the basis of the materials filed, correspondence received and evidence presented at the hearing, the Director concludes as follows:

- a. After the acquisition, WCL will satisfy the requirements for a Certificate of Authority to conduct business of insurance in the State of Nebraska and write the lines of insurance for which it is presently licensed.
- b. The effect of the acquisition will not substantially lessen the competition in insurance in the State of Nebraska nor tend to create a monopoly therein nor violate the laws of the State of Nebraska.
- c. The financial condition of Applicant is such that it would not jeopardize the financial stability of WCL or prejudice the interest of the policyholders of WCL.
- d. The Applicant has no plans or proposals to liquidate WCL, to sell the assets of WCL without the approval of the Department, to consolidate or merge WCL with any person or persons without approval of the Department, or to make any other material change in the business operations or corporate structures or management which would be unfair and unreasonable to policyholders of WCL and not in the public interest.
- e. The competence, experience and integrity of those persons who would control the operation of WCL are such that it would be in the interest of the policyholders of WCL and the public to allow the acquisition.
- f. Applicants are not subject to the provisions of Neb. Rev. Stat. § 44-6115 under the Demutualization Act; and
- g. The acquisition of control is not likely to be hazardous or prejudicial to the public.

ORDER

IT IS THEREFORE ORDERED that the Form A Application be approved subject to the following condition:

Within fifteen (15) days after closing, Applicant shall file with the Department an Insurance Holding Company System Registration Statement, and any other filings required, in accordance with Neb. Rev. Stat. § 44-2132, et seq.

Dated this 12 day of November, 2014.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



BRUCE RAMGE
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Order was sent to Yoriko Enokido, Vice President, Dai-ichi Life International (U.S.A.), Inc., 1133 Avenue of the Americas, New York, NY 10036, with copies to Donald B. Henderson, Jr. and Alexander M. Dye of Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York NY 10019-6099, by U.S. Mail, postage prepaid, on this 13 day of November, 2014.


