

JUN 28 2018

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
AMERICAN LIFE & SECURITY)	
CORPORATION)	CAUSE NO.: C-2423

On May 23, 2018, Xenith Holdings LLC. (“Applicant”) filed an application (“Form A”) seeking approval to acquire control of American Life & Security Corp. (“ALSC”), 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 (“Act”), with the final supplement being received on June 20, 2018. Applicant waived the notice requirements set forth in Neb. Rev. Stat. §§ 44-2120 to 44-2153, including but not limited to the notice provisions of Neb. Rev. Stat. § 44-2127. A Notice of Public Hearing was issued on June 25, 2018.

On June 28, 2018, a public hearing was held at the Nebraska Department of Insurance (“Department”). Director of the Nebraska Department of Insurance, Bruce R. Ramge presided over the hearing. Brandis Bauer, a licensed Notary Public, was present and recorded the hearing. Krystle Ledvina Garcia, Attorney, and Justin Schrader, Chief Financial Examiner, represented the Department.

Applicant was present and represented by outside counsel Lawrence Harr, Lamson, Dugan and Murray, LLP. Applicant presented testimony in favor of the acquisition through Michael Minnich, Co-Chief Executive Officer of Applicant and the proposed President of ALSC. Exhibits were offered by Applicant, and by the Department, and received into the

record. Applicant provided ALSC with notice of the hearing, and ALSC waived the notice requirement as set forth in Neb. Rev. Stat. § 44-2127(2) in an effort to expedite the review and hearing process. 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 May 23, 2018, the Department received a verified Form A from Applicant for approval to acquire control of ALSC through a Stock Purchase Agreement. The application and subsequent amendments were filed pursuant to the Act, specifically § 44-2126. The Stock Purchase Agreement will result in Applicant gaining control of ALSC as control is defined in the Act.

2. ALSC is a domestic insurer organized under and governed by the laws of the State of Nebraska. ALSC obtained its Certificate of Authority to transact the business of life and health insurance in this state on December 12, 1988. ALSC is currently a stock-based life and health insurance company.

3. Applicant is a holding company formed under the laws of the State of Delaware for the purposes of purchasing ALSC through a Stock Purchase Agreement. The Managing Member of Applicant is Vespoint LLC (“Vespoint”), a Delaware limited liability company organized for the purpose of being the managing member of Applicant. The managing members of Vespoint are AMS Advisors, LLC (“AMS”) and Rendezvous

Capital, LLC (“Rendezvous”). Michael Salem is the controlling person of AMS and Michael Minnich is the controlling person of Rendezvous.

4. Following the transaction, ALSC will be an indirect wholly-owned subsidiary of Applicant.

5. On May 9, 2018, Applicant, ALSC, and Midwest Holding Inc. (“Midwest”), the current 100% shareholder of ALSC, executed a Stock Purchase Agreement. The Stock Purchase Agreement provides for the transaction to close as soon as practical following, among other things, the proper regulatory approval of the Nebraska Department of Insurance.

6. The Stock Purchase Agreement provides for Applicant to acquire 1,500,000 shares of newly issued convertible preferred stock of Midwest. The purchase price will be \$1,500,000 in cash. Applicant will also acquire \$500,000 newly issued convertible secured debt of Midwest for \$500,000 in cash. Applicant will also acquire newly issued convertible secured debt of Midwest for \$100,000 in cash. Additionally, the Agreement contemplates, but does not require, contribution of additional capital to Midwest up to another \$22,900,000 via additional convertible secured debt.

7. No changes to the Articles of Incorporation and Bylaws of ALSC will be made as a result of the acquisition. Applicant has identified the change of ALSC’s directors post-acquisition and executive officers which have been outlined in the Form A. Other than in the normal course of business, Applicant has no plans or proposals to cause ALSC to declare an extraordinary dividend, to liquidate ALSC, or to sell its assets to any person or persons. Applicant expects to alter ALSC's policy mix to take advantage of more

scalable distribution channels. In order to access these new distribution channels, Applicant expects to have ALSC apply for a rating from AMBest, streamline existing operations, and books of business to allow focus on new business, and contribute additional capital to ALSC.

8. 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, ALSC 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 ALSC or prejudice the interest of the policyholders of ALSC.
- d. Applicant has no plans or proposals to liquidate ALSC, to sell the assets of ALSC without the approval of the Department, to consolidate or merge ALSC 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 ALSC and not in the public interest.

- e. The competence, experience and integrity of those persons who would control the operation of ALSC are such that it would be in the interest of the policyholders of ALSC 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 the end of the month in which the transaction closes, Applicant shall cause to be filed 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 28 day of June, 2018.

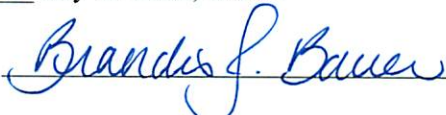
STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



BRUCE RAMGE
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Order was sent to Lawrence Harr, Lamson, Dugan and Murray LLP, 10306 Regency Parkway Dr., Omaha, NE 68114, by U.S. Mail, postage prepaid, on this 28 day of June, 2018.



Brandis J. Bauer