

OCT 01 2010

FILED

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

IN THE MATTER OF THE)	FINDINGS OF FACT,
ACQUISITION OF CONTROL OF)	CONCLUSIONS OF LAW,
UNITED INVESTORS LIFE)	AND ORDER
INSURANCE COMPANY)	
)	CAUSE NO.: C-1859

On September 15, 2010, Protective Life Insurance Company (“Applicant”) filed an application (“Form A”) seeking approval to acquire control of United Investors Life Insurance Company (“United Investors”), a Nebraska domestic life and health insurer. The application was filed pursuant to the Insurance Holding Company System Act, *Neb. Rev. Stat.* §44-2120, §44-2126 (Reissue 2004). The filing was subsequently supplemented on September 21, 2010. A Notice of Public Hearing was filed September 22, 2010.

On September 29, 2010, a public hearing was held at the Nebraska Department of Insurance (“Department”). Ann Frohman, Director of Insurance, presided over the hearing. Tracy Gruhn, a licensed Notary Public, recorded the hearing. Christine Neighbors, General Counsel, and James Nixon, Chief Examiner, represented the Department. Applicant was present by telephone conference with approval of the Director and was represented in person by Lawrence F. Harr, Lamson, Dugan and Murray LLP. Applicant presented testimony in favor of the acquisition through Wayne Stuenkel, Senior Vice President and Chief Actuary. Exhibits were offered by Applicant and by the Department, and received into the record. Applicant waived its right to a minimum twenty days notice of the hearing. Applicant provided United Investors with

notice of the hearing as required by *Neb. Rev. Stat. §44-2127(2)* and United Investors waived its right regarding the minimum seven days notice. 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 finds and concludes as follows:

FINDINGS OF FACT

1. On September 15, 2010, the Department received a verified Form A from the Applicant for approval to acquire control of United Investors through the purchase of all issued and outstanding shares of stock from United Investors' parent corporation, Liberty National Life Insurance Company. The application and subsequent amendment were filed pursuant to the Insurance Holding Company System Act, *Neb. Rev. Stat. §44-2120, et seq.*, specifically §44-2126. The acquisition will result in Applicant exercising control of United Investors as control is defined in the Act.

2. United Investors is a domestic insurer organized under and governed by the laws of the State of Nebraska. United Investors obtained its Certificate of Authority to transact the business of insurance in this state on January 19, 1982. United Investors is currently a wholly owned subsidiary of Liberty National Life Insurance Company, a life and health insurer organized under the laws of the State of Nebraska. Liberty National Life Insurance Company is a wholly owned subsidiary of Torchmark Corporation, a Delaware corporation.

3. Applicant is a Tennessee domiciled life and health insurer that received its Certificate of Authority to transact the business of insurance in Nebraska on August 19,

1975. Applicant, with its insurance subsidiaries and other affiliates, markets individual life insurance, annuities and investment products, credit life and disability products, and stable value products.

4. Applicant is a wholly owned subsidiary of Protective Life Corporation. Protective Life Corporation is a publicly traded Delaware financial services corporation that was formed in 1981. No person directly or indirectly owns, controls, holds with power to vote, or holds proxies representing collectively ten percent or more of the voting securities of Protective Life Corporation. Therefore, although Applicant is seeking to acquire United Investors as its subsidiary, ultimate control of United Investors will rest with Protective Life Corporation.

5. The consideration for the acquisition is approximately \$400,500,000 plus (a) the amount, if any, by which the Preliminary Adjusted Statutory Book Value exceeds \$214,500,000 or minus (b) the amount, if any, by which the Target Adjusted Statutory Book Value exceeds the Preliminary Adjusted Statutory Book Value. The parties estimate the closing payment to be approximately \$315,000,000 based on adjustments. Applicant will fund the acquisition from liquid assets including cash on hand.

6. The parties executed a Stock Purchase Agreement dated as of September 13, 2010.

7. Applicant has no plans to have United Investors declare an extraordinary dividend, to liquidate United Investors, or sell its assets other than assets sold in the ordinary course of business. Applicant plans to merge United Investors with one of its affiliates when the transition of the administration of the business is transferred to

Applicant. However, Applicant has agreed that it will not merge, consolidate, dissolve or otherwise dispose of substantially all of the assets of United Investors for a period of eighteen (18) months following the closing. Applicant will change the board members and management of United Investors and intends for United Investors to continue its present method of operation.

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, United Investors will satisfy the requirements for issuance of 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 United Investors or prejudice the interest of the policyholders of United Investors.

d. The Applicant has no plans or proposals to liquidate United Investors, to sell the assets of United Investors without the approval of the Department, to consolidate or merge United Investors with any person or persons without approval of the Department, or to make any other material change in the business operations or corporate structures of management which would be unfair and unreasonable to policyholders of United Investors and not in the public interest.

e. The competence, experience and integrity of those persons who would control the operation of United Investors are such that it would be in the interest of the policyholders of United Investors and the public to allow the acquisition.

f. Applicant is not subject to the provisions of *Neb. Rev. Stat.* §44-6115 under the Demutualization Act; and

g. The acquisition is not likely to be hazardous or prejudicial to the public.

ORDER

IT IS THEREFORE ORDERED that Applicant is approved to acquire 100% of the issued and outstanding stock of United Investors which will result in Applicant exercising direct control of United Investors.

Within fifteen (15) days after acquiring the stock contemplated in this order, 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 15th day of October, 2010.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE


ANN M. FROHMAN
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Order was sent to Maria Matthews, Senior Associate Counsel, Protective Life Corporation, P.O. Box 2606, Birmingham, AL 35202 and Lawrence F. Harr, Lamson, Dugan and Murray LLP, 10306

Regency Parkway Drive, Omaha, NE 68114-3708 by electronic mail and by U.S. Mail,
postage prepaid, on this 1st day of October, 2010.

Tracy A. Stalder