

APR 09 2012

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

FILED

IN THE MATTER OF:)	ORDER APPROVING MERGER AND
)	ACQUISITION OF CONTROL
THE APPLICATION OF MEDICO)	
MUTUAL INSURANCE HOLDING)	
COMPANY FOR APPROVAL OF)	
PROPOSED AGREEMENT AND)	CAUSE NO.: C-1943
PLAN OF MERGER and)	
ACQUISITION OF CONTROL OF)	
MEDICO INSURANCE COMPANY)	
BY AMERICAN ENTERPRISE MUTUAL)	
HOLDING COMPANY)	

Pursuant to *Neb. Rev. Stat.* §44-224.07 and §44-6125, Medico Mutual Insurance Holding Company (“MMIHC”) has applied to Bruce R. Ramage, Director of Insurance (“Director”), for approval to merge with American Enterprise Mutual Holding Company (“American Enterprise”), an Iowa domestic mutual insurance holding company.

MMIHC filed the Agreement and Plan of Merger as amended by the First Amendment to the Agreement and Plan of Merger (“Plan”) with the Nebraska Department of Insurance on March 9, 2012, pursuant to *Neb. Rev. Stat.* §44-224.07 and the Nebraska Mutual Insurance Holding Company Act, §44-6122, et seq., and subsequently supplemented the filing. A Notice of Public Hearing referencing the merger was issued March 14, 2012.

American Enterprise filed a Form A, Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (“Form A”), on March 14, 2012, pursuant to the Nebraska Insurance Holding Company System Act, *Neb. Rev. Stat.* §44-2121 et seq. A Notice of Hearing referencing the Form A filing was issued March 23, 2012.

On April 5, 2012, a public hearing on the merger filing and the Form A filing was held at the Nebraska Department of Insurance (“Department”). Bruce R. Ramage, Director of Insurance,

presided over the hearing. Tracy Gruhn, a licensed notary public, was present and recorded the hearing. Christine Neighbors, Deputy Director and General Counsel, and James Nixon, Chief Examiner, represented the Department.

MMIHC was represented by Lawrence F. Harr, Esq. MMIHC presented testimony in favor of the Plan through Timothy J. Hall, President and Chief Executive Officer of MMIHC. American Enterprise was represented by Lawrence F. Harr, Esq., regarding the Form A and presented testimony in favor of the Form A acquisition through Michael E. Abbott, Chairman of the Board, President and Chief Executive Officer of American Enterprise. Exhibits were offered by MMIHC, American Enterprise and the Department, and received into the record. No testimony or documentary evidence was offered in opposition to the proposed Plan or acquisition.

After review of the Plan with all disclosures and exhibits filed with the Director and the Form A filing with all exhibits filed with the Director, the Director approves the Agreement and Plan of Merger and American Enterprise's acquisition of Medico and FINDS, CONCLUDES AND ORDERS as follows:

FINDINGS OF FACT – Agreement and Plan of Merger

1. MMIHC was created in 2006 when Mutual Protective Insurance Company was reorganized into a mutual insurance holding company structure. As part of the process, Mutual Protective Insurance Company's name was changed to Medico Insurance Company ("Medico") and it became a stock insurance company subsidiary of Medico Holdings, Inc., ("MHI"), an intermediate stock holding company, and an indirect subsidiary of the mutual insurance holding company, MMIHC, formed during the reorganization process. The policyholders of Medico became members of MMIHC. All contract rights arising from policies or contracts issued or

assumed by Mutual Protective Insurance Company remained contractual obligations of Medico. (See Nebraska Department of Insurance Cause No.: C-1531)

2. American Enterprise was created in 1999 as an Iowa mutual insurance holding company in connection with the reorganization of American Republic Insurance Company. As part of the process, American Republic Insurance Company became a stock insurance company subsidiary of American Enterprise Group, Inc., (“AEG”), an intermediate stock holding company, and an indirect subsidiary of the mutual insurance holding company, American Enterprise, formed during the reorganization process. The policyholders of American Republic Insurance Company became members of American Enterprise. All contract rights arising from policies or contracts issued or assumed by American Republic Insurance Company remained contractual obligations of American Republic Insurance Company. American Enterprise currently conducts a life and health insurance business through American Republic Insurance Company, World Insurance Company, American Republic Corp Insurance Company, and World Corp Insurance Company.

3. On January 17, 2012, MMIHC’s Board of Directors unanimously approved the Agreement and Plan of Merger. On March 8, 2012, MMIHC’s Board of Directors unanimously approved the First Amendment to the Agreement and Plan of Merger. Likewise, on January 17, 2012, and March 5, 2012, American Enterprise’s Board of Directors unanimously approved the Agreement and Plan of Merger, and First Amendment to the Agreement and Plan of Merger, respectively.

4. On March 9, 2012, MMIHC filed the Agreement and Plan of Merger with the Department. Subsequently, supplements were filed as a result of the discussions with the Department during the review process. In addition to the Agreement and Plan of Merger, the

Department reviewed and provided comment on the Members Information Statement, the proxy form, the financial reports for American Enterprise, and the actuarial opinion.

5. The initial MMIHC member letter and Notice of Public Hearing were sent to members on March 27, 2012.

6. The Plan proposes the separate existence of MMIHC will cease and it will merge with and into American Enterprise with American Enterprise being the surviving entity. In addition, the separate existence of MMIHC's subsidiary intermediate stock holding company, MHI, will cease and it will merge into AEG with AEG being the surviving entity. Upon merger, Medico will become a direct wholly owned subsidiary of AEG and an indirect subsidiary of American Enterprise. MMIHC's members will vote on the merger during the Annual Meeting of Members on Friday, May 11, 2012.

7. The Plan contains many reasons in support of the merger with the most significant being the capital infusion of not less than \$25,000,000 into Medico which will strengthen Medico's financial condition for the benefit of all policyholders and provides the flexibility for Medico to continue growing its business.

8. The Plan provides that on the effective date of the merger, MMIHC's existing members' rights and interests in MMIHC shall be transferred to American Enterprise and the members shall have member rights and interests in American Enterprise.

9. The Plan provides that all policies issued by Medico before the effective date of the merger will remain in effect and all policy (contractual) rights will remain the same.

10. The Plan provides that Medico and its subsidiaries will continue to exist as separate corporate entities after the effective date of the merger.

11. The Plan provides that all American Enterprise subsidiaries will continue to exist as separate corporate entities after the effective date of the merger.

12. While there are no plans to demutualize, the Plan provides that if American Enterprise should seek to demutualize in the future, or to undertake some other type of corporate reorganization requiring allocation of consideration among members of American Enterprise, the board of directors of American Enterprise will provide all of its members at that time with fair and equitable treatment under a plan of demutualization or other distribution. The Plan further provided in the event of a plan of demutualization or other distribution adopted prior to October 1, 2016, “fair and equitable treatment” will require the Board of Directors of American Enterprise to distinguish between the amount of consideration distributed to those persons who are members of MMIHC at the Merger Effective Time and those persons who are already members of American Enterprise at the Merger Effective Time or who become members of American Enterprise after the Merger Effective Time.

13. The Plan provides that all future policyholders of Medico after the merger will automatically become members of American Enterprise and entitled to all the rights and privileges of a member of American Enterprise.

14. MMIHC received an actuarial fairness opinion from James R. Haire, FSA, MAAA, Principal of Actuarial Resources Corporation, in which Mr. Haire opined that the merger is fair to the members of MMIHC and fair to the policyholders of Medico from an actuarial point of view.

15. The Plan requires, as a condition to closing, that MMIHC and American Enterprise receive an opinion from counsel to the effect that the mergers will qualify as tax-free reorganizations.

16. The Annual Meeting of Members for MMIHC to consider and vote upon the proposed Plan is scheduled for May 11, 2012, at 10:00 a.m., Central Daylight Time, at the offices of MMIHC, 1515 South 75th Street, Omaha, Nebraska 68124.

FINDINGS OF FACT – Form A

17. On March 14, 2012, the Department received a verified Form A from American Enterprise for approval to acquire control of Medico upon the merger of MMIHC and MHI with and into American Enterprise and AEG.

18. Medico is a Nebraska domiciled life and health insurance company offering health insurance policies, including Medicare supplement, short term facility care, first diagnosis cancer, indemnity benefit, whole life, and a dental/vision/hearing product.

19. American Enterprise is an Iowa mutual insurance holding company that owns the outstanding shares of capital stock of AEG which, in turn, owns directly or indirectly all the outstanding shares of several insurance companies. AEG owns all the outstanding shares of capital stock of American Republic Insurance Company, an Iowa domiciled life insurer which, in turn, owns all the outstanding shares of capital stock of American Republic Corp Insurance Company, a Nebraska domiciled life insurer. AEG also owns all the outstanding shares of the capital stock of World Insurance Company, a Nebraska domiciled life insurer which, in turn, owns all the outstanding shares of the capital stock of World Corp Insurance Company, a Nebraska domiciled life insurer. AEG insurers issue life and health insurance policies with a focus on marketing insurance products, including Medicare supplement policies, to individuals and couples in or nearing retirement.

20. American Enterprise has no plans to have Medico declare an extraordinary dividend, to liquidate Medico, to sell its assets or merge it with any person or persons, or to make

any other material change in Medico's business operations, other than that which was presented in the Form A filing or hearing testimony. American Enterprise anticipates the adoption of amended Articles of Incorporation and By-Laws for Medico. American Enterprise further anticipates that upon the effective date of the merger, it will replace the current executive officers and directors of Medico, other than Timothy J. Hall, the current President and Chief Executive Officer of Medico, with current executive officers and directors of American Enterprise. Hall will continue to serve as President and Chief Executive Officer of Medico and will be elected to serve on the board of directors of American Enterprise and AEG.

21. The Plan provides the effective date of the merger and acquisition will be July 1, 2012.

CONCLUSIONS OF LAW

1. The Department and the Director have jurisdiction over the subject matter and parties to this proceeding as authorized under *Neb. Rev. Stat.* §44-224.07, §44-6125, and §44-2126.

Agreement and Plan of Merger

2. MMIHC has filed all the required documents with the Department including the Agreement and Plan of Merger, Board resolutions, financial statements, and all exhibits and disclosures.

3. Statutory notice requirements for informing MMIHC members of the Plan and hearing were met.

4. On the basis of the information filed with the Department, there is sufficient reason to find that the interests of the policyholders of Medico and the members of MMIHC will be protected under the proposed merger and the Plan should be approved.

Form A

5. Statutory notice requirements for American Enterprise to notify Medico of the Form A hearing were met.

6. American Enterprise has filed all the required documents with the Department related to the Form A. On the basis of the materials filed, correspondence received, and evidence presented at the hearing, the Director concludes as follows:

a. After the acquisition, Medico will satisfy the requirements for issuance of a Certificate of Authority to conduct the 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 American Enterprise is such that it would not jeopardize the financial stability of Medico or prejudice the interests of the policyholders of Medico.

d. American Enterprise has no plans or proposals to liquidate Medico, to sell the assets of Medico without the approval of the Department, to consolidate or merge Medico 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, other than that which was represented in the Form A filing or hearing testimony, which would be unfair and unreasonable to policyholders of Medico and not in the public interest.

e. The competence, experience and integrity of those persons who would control the operation of Medico are such that it would be in the interests of the policyholders of Medico 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 the Agreement and Plan of Merger is hereby approved subject to the following conditions:

- a. Approval by two-thirds majority of the votes cast by the eligible members of MMIHC as defined in the Plan at the Annual Meeting of Members on May 11, 2012;
- b. Approval of the Agreement and Plan of Merger by the Iowa Department of Insurance;
- c. Receipt by MMIHC of the opinion from counsel to the effect that the mergers will qualify as tax-free reorganizations;
- d. Receipt by the Department of the Articles of Merger;
- e. In the event of demutualization of American Enterprise, the plan of distribution will be subject to the requirements of Iowa law. This Order makes absolutely no findings and issues absolutely no opinion with regard to whether the treatment of the Members of MMIHC at the Merger Effective Time as set forth in Exhibit A to the Plan would be fair and equitable or in any way satisfactory to meet demutualization requirements.

IT IS FURTHER ORDERED American Enterprise is approved to acquire control of Medico pursuant to the terms of the Agreement and Plan of Merger.

Within fifteen (15) days after the close of the transaction, American Enterprise 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 9th day of April, 2012.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



BRUCE R. RAMGE
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of April, 2012, the above referenced Order was served upon the following persons via electronic mail and by first class mail, postage prepaid:

Ms. Michelle Casper Barker
Vice President and General Counsel
American Enterprise Group, Inc.
601 6th Avenue
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Mr. Lawrence F. Harr
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