

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF THE APPLICATION
FOR APPROVAL OF AN ASSUMPTION
REINSURANCE AGREEMENT BETWEEN
OUACHITA LIFE INSURANCE COMPANY AND
SOUTHERN PIONEER LIFE INSURANCE COMPANY**

AID # 2006 - 029

ORDER

On this day is presented the petition of Ouachita Life Insurance Company (“Ouachita”), NAIC #88820, and affiliate Southern Pioneer Life Insurance Company (“Southern Pioneer”), NAIC #74365, domestic Arkansas insurance companies, jointly seeking approval of a Reinsurance Agreement (the “Reinsurance Agreement”) between the two parties, whereby all of Ouachita’s risks and liabilities, as described in the Reinsurance Agreement, will be retroceded and reinsured to Southern Pioneer; and for approval of an extraordinary dividend or distribution of paid in surplus to Southern Pioneer, Ouachita’s parent corporation. The petitioners were represented by their attorneys, Dover Dixon Horne PLLC, through Allan W. Horne, and the Arkansas Insurance Department (“Department”) was represented by Ms. Jean Langford, Chief Counsel - Legal Division. The proceeding was held before The Honorable Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas.

FINDINGS OF FACT

From the petition, Reinsurance Agreement, representations of counsel, and other matters before the Commissioner, the Commissioner finds as follows:

- a) under the terms of the Reinsurance Agreement, all of Ouachita’s risks and

liabilities as described in the Reinsurance Agreement would be retroceded and reinsured to Southern Pioneer, with Southern Pioneer assuming all liabilities thereunder;

- b) terms of the Reinsurance Agreement are not inequitable to any policyholder, nor would the protection or service to any policyholder be substantially reduced;
- c) interests of the interested parties will not be adversely affected;
- d) it is in the best interest of Ouachita and its stockholders that the corporate charter of Ouachita not be extinguished. Accordingly, the corporate charter of Ouachita should not be extinguished or otherwise affected, but should continue in full force and effect;
- e) petitioners have also requested approval of funds, remaining in Ouachita after the completion of the proposed assumption reinsurance transaction, to be distributed to Southern Pioneer, its parent company, as an extraordinary dividend or distribution of paid in surplus in excess of minimum capital and surplus. There being no insurance or other liabilities remaining in Ouachita after the completion of the reinsurance transaction, it is appropriate that such extraordinary dividend or distribution of paid in surplus in excess of minimum capital and surplus should be approved under Ark. Code Ann. §23-63-514(c),(d), (e) or (f), as applicable;
- f) all filings, consents and other procedures required by law or otherwise deemed appropriate by the Commissioner have been duly completed by the petitioners

and by the Department; and

- g) the parties agree to the submission of this matter to the Commissioner without a hearing; and in so doing, voluntarily and intelligently waive their right to an administrative hearing under Ark. Code Ann. §23-61-303 or other applicable laws.

CONCLUSIONS OF LAW

Based upon the foregoing Findings of Fact and other matters and things before the Commissioner, the Commissioner concludes as follows:

1. The Commissioner has jurisdiction over the parties and the subject matter hereof;
2. None of the conditions specified in any provision of the Arkansas Insurance Code exist which would preclude the Reinsurance Agreement from being approved;
3. The interest of interested and affected parties, including all stockholders and policyholders, will not be adversely affected; and, accordingly, the corporate charter of Ouachita shall continue in full force and effect pursuant to Ark. Code Ann. § 23-69-156(f); and
4. The extraordinary dividend or distribution of paid in surplus from Ouachita to Southern Pioneer should also be approved under the law.

IT IS THEREFORE ORDERED, that the Reinsurance Agreement between Ouachita Life Insurance Company and Southern Pioneer Life Insurance Company and the extraordinary dividend or distribution of paid in surplus to Southern Pioneer Life Insurance Company should be and each transaction is hereby approved this 29th day of June, 2006.


Julie Benafield Bowman
State Insurance Commissioner