

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

IN RE THE PROPOSED MERGER OF :  
ARKANSAS NATIONAL LIFE INSURANCE COMPANY  
WITH AND INTO  
FORETHOUGHT LIFE INSURANCE COMPANY  
UNDER ARK. CODE ANN. §§ 23-69-142 to 23-69-148

**AID # 2007 - 075**

**ORDER**

The proposed merger (the “Merger”) of Arkansas National Life Insurance Company (the “Domestic Insurer”) with and into Forethought Life Insurance Company (the “Surviving Insurer”) came before the Insurance Commissioner for the State of Arkansas, The Honorable Julie Benafield Bowman (“Commissioner”), at a public hearing (“Hearing”) on December 7, 2007, commencing at approximately 10:00 a.m. in the offices of the Arkansas Department of Insurance (“Department”), 1200 West Third, Little Rock, Arkansas.

The Department was represented by Ms. Zane A. Chrisman, Associate Counsel, and Mr. Mel Anderson, Deputy Commissioner for Financial Regulation & Audit. Representing the Domestic Insurer and the Surviving Insurer were Mr. Rick Campbell and Ms. Margaret Johnston of Mitchell, Williams, Selig, Gates and Woodyard, P.L.L.C, Little Rock, Arkansas (“MWSGW”). Present on behalf of the Domestic Insurer and the Surviving Insurer was Mr. David K. Mullen, the Senior Vice President and Associate General Counsel of both entities.

After considering all the evidence and arguments, and being fully advised, the Commissioner hereby makes the following Findings of Fact and Conclusions of Law:

## FINDINGS OF FACT

### The Parties

1. The Domestic Insurer is a “domestic insurer” as that term is defined in Ark. Code Ann. § 23-60-102, with its principal offices located in Little Rock, Arkansas.
2. The Surviving Insurer is an Indiana domiciled insurer with its principal offices located in Batesville, Indiana and is the sole shareholder of the Domestic Insurer.
3. Forethought Financial Group, Inc. (“FFG”) is the ultimate parent of the Domestic Insurer and the Surviving Insurer (collectively the Domestic Insurer and the Surviving Insurer are hereafter referred to as the “Merging Insurers”). Its principal executive offices are located in Indianapolis, Indiana.

### Procedural History

4. On October 30, 2007, in a letter dated the same from Rick Campbell, the Merging Insurers filed a request for approval of a Plan and Agreement of Merger (the “Plan”) between the two insurers pursuant to Ark. Code Ann. §§ 23-69-142 to -148, together with exhibits (collectively, the “Merger Approval Request”).
5. In addition to the item listed above, at various points throughout the process, the Department requested and the Merging Insurers provided, additional information supplementing the Merger Approval Request.
6. Pursuant to Ark. Code Ann. §23-69-142, and upon agreement of all of the parties, the Commissioner set a hearing to consider the proposed Merger for December 7, 2007 (the “Hearing”).

### The Hearing

7. All persons attending the Hearing were provided the opportunity to present evidence, examine witnesses, and/or offer argument. The Merging Insurers presented evidence and argument through counsel and through the testimony of David K. Mullen, the Senior Vice President and Associate General Counsel of both of the Merging Insurers.

8. No objections were made at the Hearing or otherwise to the proposed Merger of the Merging Insurers.

### The Proposed Transaction

9. The Merger, which is between a parent and wholly-owned subsidiary, is being implemented as a measure to lower administrative costs and achieve greater corporate efficiency by eliminating duplicative administrative costs of the two entities.

10. The Plan between the Merging Insurers provides, effective December 31, 2007, that in consideration of the mutual covenants and agreements in that Plan, the outstanding stock of the Domestic Insurer, which is currently 100,000 shares with a par value of \$1 each, will be cancelled. Pursuant to Plan, all assets of the Domestic Insurer will be transferred to and vested in the Surviving Insurer. In turn, the Surviving Insurer will assume all liabilities and obligations of the Domestic Insurer including all outstanding insurance policies and annuity policies.

### Future Plans for the Surviving Insurer

11. The Surviving Insurer does not anticipate that, following the proposed Merger, its business operations or the business operations of FFG will change materially other than to eliminate duplicative administrative activities currently conducted by both of the Merging Insurers. The existing management of the Surviving Insurer, which is virtually identical to that of the Domestic Insurer, will not change as a result of the Merger.

12. The Domestic Insurer's employees will continue to be employees of the Surviving Insurer.

13. The Surviving Insurer has no plans to change the structure, operations or services currently provided to the policyholders of the Domestic Insurer and, except for the name change, the policyholders should not perceive any changes as a result of the Merger. The Surviving Insurer will continue to offer the same products and level of service to which the Domestic Insurers policyholders are accustomed.

### CONCLUSIONS OF LAW

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

14. The Commissioner has jurisdiction over the subject matter and parties herein.

15. The Merger is not inequitable to Surviving Insurer which is the sole shareholder of the Domestic Insurer.

16. The Merger would not tend to substantially reduce the security of and service to be rendered to the policyholders of the Domestic Insurer wherever they are located.

17. The Surviving Insurer has no plans or proposals to change its management which is the same management of the Domestic Insurer.

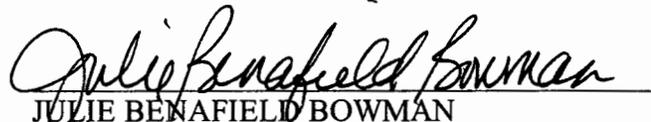
18. The Merger Approval Request as supplemented, is in compliance with and satisfies the requirements of Ark. Code Ann. §§ 23-69-142 to -148.

19. As presented in the exhibits of record, none of the preclusions to approval, listed in Ark. Code Ann. §23-69-142(c) exist, and the Merger should therefore be approved.

**NOW THEREFORE**, based on the foregoing Findings of Fact and Conclusions of Law, and being in all things duly advised, **IT IS THEREFORE ORDERED** that the proposed

Merger of the Domestic Insurer with and into the Surviving Insurer, with the Surviving Insurer being the surviving entity, is hereby approved in all respects.

**IT IS SO ORDERED**, this 11<sup>th</sup> day of December, 2007.

  
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JULIE BENAFIELD BOWMAN  
INSURANCE COMMISSIONER