

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

**IN THE MATTER OF THE APPLICATION  
FOR APPROVAL OF THE PROPOSED  
ACQUISITION OR CHANGE IN CONTROL  
OF BROKERS NATIONAL LIFE ASSURANCE  
COMPANY, NAIC # 74900, A WHOLLY OWNED  
SUBSIDIARY OF BNL FINANCIAL  
CORPORATION, BY APPLICANT  
AMERITAS LIFE INSURANCE CORP.**

**A.I.D. NO. 2011-258**

**ORDER**

On December 20, 2011 at 10:00 a.m. in the Hearing Room of the Arkansas Insurance Department (the "Department"), in accordance with the provisions of Ark. Code Ann. §§ 23-61-109, 23-61-303, 23-63-501, *et seq.*, and other pertinent provisions of the Arkansas Insurance Code, a public hearing was held regarding the acquisition of control of Brokers National Life Assurance Company ("BNLAC") by the Applicant Ameritas Life Insurance Corp. ("Applicant"). The Statement Regarding the Acquisition of Control of a Domestic Insurer (the "Acquisition Statement") was filed by the Applicant on or about December 5, 2011 seeking approval of an Agreement and Plan of Merger dated December 2, 2011, entered into by and among Applicant, its wholly owned subsidiary Ameritas Life Holdings, Inc., and BNL Financial Corporation, the parent of BNLAC ("Agreement"). The hearing was held before Chief Deputy Commissioner Lenita Blasingame, ("Hearing Officer"), as designated by the Insurance Commissioner for the State of Arkansas ("Commissioner"). The Department was represented by Ms. Amanda Capps Rose, Associate Counsel, and Ms. Brenda Haggard, Manager of Financial Analysis. Present on behalf of BNLAC was its counsel, Mr. Allan W. Horne with Dover Dixon Horne PLLC. Representing the Applicant were Mr. Bruce E. Mieth, Senior Vice President, Group Operations and Mr. Steven J. Christophersen, Second Vice President, Group and Associate General Counsel.

## FINDINGS OF FACT

From the Acquisition Statement, testimony of witnesses, and other evidence presented at the hearing, including exhibits filed in connection therewith, reports and statements on file with the Department, representations of counsel, and other matters and things considered, the Commissioner finds that:

1. The Acquisition Statement was filed herein on December 5, 2011. The Notice of Hearing was given as required by law, and the Applicant and BNLAC have each consented, in writing, to the holding of this hearing at this time and on this date.
2. The Commissioner has jurisdiction of the parties and the subject matter of this case under the provisions of Ark. Code Ann. §§ 23-63-501, et seq., and other pertinent provisions of the Arkansas Insurance Code.
3. BNLAC is an Arkansas domiciled insurance company, NAIC No. 74900, duly licensed and in good standing under the laws of the State of Arkansas and is a wholly-owned subsidiary of BNL Financial Corporation, an Iowa corporation.
4. All persons attending the hearing were provided the opportunity to present evidence, examine witnesses, and/or offer argument or objection. Applicant presented evidence and argument through counsel and through the testimony of the representative of the Applicant. -
5. Representative of the Applicant testified that, in his opinion:
  - (a) The acquisition of BNLAC will not violate any law;
  - (b) The acquisition of BNLAC will be fair and equitable to the shareholders of BNL Financial Corporation and BNLAC, as well any remaining security holders of either company;

(c) The acquisition of BNLAC will not substantially reduce the security of and service to be rendered to BNLAC's policyholders and the public;

(d) After the change of control, BNLAC will be able to satisfy the requirements for the issuance of a license to write the line(s) of business for which it is presently licensed;

(e) The effect of the acquisition will not substantially lessen competition in insurance in Arkansas or tend to create a monopoly in Arkansas;

(f) The financial condition of the Applicant will not jeopardize the financial stability of BNLAC or prejudice the interest of its policyholders or the interests of any remaining security holders who are affiliated with the Applicant;

(g) Other than as set forth in the Acquisition Statement, and amendments thereto, there are no current plans or proposals which the Applicant has to liquidate BNLAC, sell its assets, or consolidate or merge it with any person, or make any other material change in its business or corporate structure or management and such changes are reasonable and fair to policyholders of BNLAC and are in the public interest; and

(h) The competence, experience and integrity of those persons who would control the operation of BNLAC are such that it would be in the interest of policyholders of BNLAC and the public to permit the acquisition of control.

6. The Applicant's principal place of business is located at 5900 "O" Street, Lincoln, Nebraska and is incorporated as a Nebraska corporation.

7. Evidence presented indicated that the anticipated effective date for the closing of the acquisition of BNLAC is December 31, 2011 at 11:59 p.m. or three days after satisfaction of all the closing conditions set forth in the Agreement and Plan of Merger (a

copy of which was filed in connection herewith), whichever is later.

8. The Applicant intends for BNLAC to become a party to that certain Services Agreement attached to the Acquisition Statement at Exhibit 5(i) ("Services Agreement"), as amended and submitted on December 19, 2011, along with Applicant and Summit Investment Advisors, Inc. (an affiliate of Applicant as shown in the Acquisition Statement), which agreement provides for the provisioning to BNLAC of management, general administrative and corporate services as well as the provisioning of investment advisory services by an institutional registered investment advisor.

9. No objections were made at the hearing or otherwise to the proposed acquisition of BNLAC by the Applicant.

#### **CONCLUSIONS OF LAW**

Based upon the above and foregoing Findings of Fact and other matters, facts and things before the designated Hearing Officer, the Hearing Officer finds and concludes that the proposed acquisition will not violate applicable law, that none of the conditions specified in Ark. Code Ann. § 23-63-510 as preclusions for the approval of the Agreement exist, and that the proposed acquisition of control of BNLAC should be approved as provided in the Agreement, the Acquisition Statement and as described in this Order.

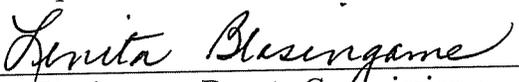
#### **RECOMMENDATIONS OF THE HEARING OFFICER**

WHEREFORE, based upon the foregoing Findings of Fact, Conclusions of Law, and other matters before the Hearing Officer, the Hearing Officer recommends:

1. The proposed acquisition of control of BNLAC, pursuant and subject to the terms and conditions of Agreement and as described in the Acquisition Statement and these Findings of Facts and Conclusions of Law should be approved in all respects;

2. The Services Agreement by and among Applicant, BNLAC and Summit Investment Advisors, Inc. should be approved.

3. That the NAIC Biographical Affidavits and customary third party background checks of Nancy A. Dalessio, Karen M. Gustin, Arnold D. Henkel, Robert P. Kocher, Kevin W. O'Toole, Janet L. Schmidt, James D. Schulz, Steven J. Valerius, Paul G. Wesling and Susan K. Wilkinson (the "Individuals"), each of whom is associated with Applicant will be promptly delivered to the Department for review. The Department may request additional information from any of the Individuals after the Department's receipt of the NAIC Biographical Affidavits and corresponding third party background checks. Moreover, the Department may request additional information from any other persons identified by Applicant in the Acquisition Statement as being associated with Applicant or will be associated with BNLAC and for whom the NAIC Biographical Affidavits and customary third party background checks have been previously provided to the Department (collectively the "Additional Persons"). Further, should the Department have any concerns with the information included within the NAIC Biographical Affidavits or third party background checks for the Individuals or any Additional Persons, or in any additional biographical information provided on behalf of such Individuals or Additional Persons in response to a request therefore, if any, by the Department, the Applicant and BNLAC agree to address the Department's concerns in a prompt and reasonable manner.

  
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Lenita Blasingame, Deputy Commissioner,  
Hearing Officer

**CERTIFICATION**

I, Jay Bradford, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law, and Recommendations of the Hearing Officer

were made by and under my authority and supervision by Lenita Blasingame, Chief Deputy Commissioner and Hearing Officer in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law, and Recommendations in full and enter this Order.

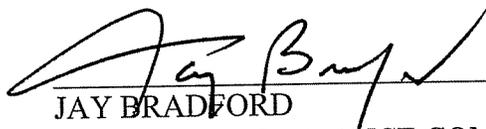
**IT IS THEREFORE ORDERED**, that the acquisition by Applicant of Brokers National Life Assurance Company, in accordance with and pursuant to the terms of the Agreement and as further described in the Acquisition Statement and all exhibits thereto, is hereby APPROVED.

**IT IS FURTHER ORDERED THAT** the Services Agreement by and among Applicant, Summit Investment Advisors, Inc. and Brokers National Life Assurance Company is hereby APPROVED.

**IT IS FURTHER ORDERED THAT** the NAIC Biographical Affidavits and customary third party background checks of Nancy A. Dalessio, Karen M. Gustin, Arnold D. Henkel, Robert P. Kocher, Kevin W. O'Toole, Janet L. Schmidt, James D. Schulz, Steven J. Valerius, Paul G. Wesling and Susan K. Wilkinson (the "Individuals"), each of whom is associated with Applicant will be promptly delivered to the Department for review. The Department may request additional information from any of the Individuals after the Department's receipt of the NAIC Biographical Affidavits and corresponding third party background checks. Moreover, the Department may request additional information from any other persons identified by Applicant in the Acquisition Statement as being associated with Applicant or will be associated with BNLAC and for whom the NAIC Biographical Affidavits and customary third party background checks have been previously provided to the Department (collectively the "Additional Persons"). Further, should the Department have any concerns with the information included within the NAIC Biographical Affidavits or third party background checks for the Individuals or any Additional Persons, or any additional biographical information provided on behalf of such

Individuals or Additional Persons in response to a request therefore by the Department, the Applicant and BNLAC agree to address the Department's concerns in a prompt and reasonable manner.

**IT IS SO ORDERED this 22<sup>nd</sup> day of December, 2011.**

  
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JAY BRADFORD  
ARKANSAS INSURANCE COMMISSIONER