



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

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 In the Matter of: :
 :
 PROPOSED ACQUISITION OF CONTROL OF: :
 :
 GENWORTH LIFE AND HEALTH INSURANCE COMPANY, : Docket No. EX 07-16
 a Connecticut domiciled stock life insurance company :
 :
 by :
 :
 SUN LIFE ASSURANCE COMPANY OF CANADA, :
 a Canadian domiciled stock life insurance company :
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ORDER

I, Thomas R. Sullivan, Insurance Commissioner of the State of Connecticut, having read the record of the above captioned matter, do hereby adopt the findings and recommendations of Susan F. Cogswell, Deputy Insurance Commissioner, Hearing Office, which are contained in the attached Proposed Final Decision dated May 15, 2007 and issue the following orders, TO WIT:

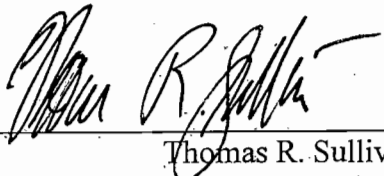
1. The Form A Application of the Applicants in which they seek approval to acquire control of Domestic Insurer is approved.
2. The Applicants and Domestic Insurer shall comply with their commitments as set forth in the Proposed Final Decision.

3. The Applicants shall provide the Insurance Department with written confirmation of the consummation of the acquisition of control by the end of the month the acquisition of control takes place.
4. For a period of three (3) years, the Applicants shall file semiannually with the Insurance Department, commencing six months from consummation of the transaction, a report under oath of its business operations in Connecticut, including but not limited to, the status of integration with the Domestic Insurer, change to the business of the Domestic Insurer; employment levels; changes in offices of the Domestic Insurer; any changes in location of its operations in Connecticut; charitable contributions made to Connecticut entities; and, notice of any statutory compliance or regulatory actions taken by other state regulatory authorities against the Applicants and the Domestic Insurer.
5. The Applicants should provide the Department with the names and titles of those individuals who will be responsible for filing an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
6. Within fifteen (15) days following the end of the month in which the proposed acquisition is consummated, the Domestic Insurer shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
7. If the proposed transaction is not consummated within three (3) months of the date of this Order and the Applicants intend to consummate the proposed transaction, the Applicants shall submit to the Commissioner a statement, which shall include (1) the

reason for the Applicants inability to consummate the proposed transaction; (2) any material changes in the information contained in the Form A Application; and (3) the current financial statements of the Applicants and the Domestic Insurer.

8. The Domestic Insurer shall, at all times, maintain their books, records and assets in Connecticut pursuant to Connecticut Law and consistent with the terms of the Form A Application, unless otherwise approved by the Commissioner.
9. The Applicants shall pay expenses incurred by the Insurance Commissioner in connection with the Insurance Department's review of the captioned transaction pursuant to sections 38a-132(a)(3) and 38a-132(c) of the Connecticut General Statutes.

Dated at Hartford, Connecticut, this 18 day of May, 2007.



Thomas R. Sullivan
Insurance Commissioner



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

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In the Matter of:

PROPOSED ACQUISITION OF CONTROL OF:

GENWORTH LIFE AND HEALTH INSURANCE COMPANY,
a Connecticut domiciled stock life insurance company

: Docket No. EX 07-16

by

SUN LIFE ASSURANCE COMPANY OF CANADA,
a Canadian domiciled stock life insurance company
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PROPOSED DECISION

I. INTRODUCTION

On February 6, 2007, Sun Life Financial Inc., a publicly traded Canadian stock holding company ("Sun Life Financial"), and Sun Life Assurance Company of Canada, a Canadian domiciled stock life insurance company and a wholly-owned direct subsidiary of Sun Life Financial ("Sun Life Assurance" and collectively with Sun Life Financial, the "Applicants"), filed an Application on Form A with the Connecticut Insurance Department ("Department") pursuant to sections 38a-129 to 38a-140 of the Connecticut General Statutes requesting approval by the Insurance Commissioner of the State of Connecticut ("Commissioner" or "Insurance Commissioner") for the Proposed Acquisition of control or merger (the "Proposed Acquisition" or "Merger") of Genworth Life and Health Insurance Company ("Genworth" or "Domestic Insurer"), a Connecticut-domiciled stock life insurance company, from Genworth Financial Inc., a Delaware Corporation ("Genworth Financial").

Supplemental information was subsequently requested by the Department and provided by the Applicants. An Amended Form A was filed with the Department on

March 15, 2007. The Amended Form A amends and restates in its entirety the original Form A text and also includes certain new and revised exhibits.

The Proposed Acquisition will be effected pursuant to the terms of a Stock Purchase Agreement (“Stock Purchase Agreement”), dated as of January 10, 2007, by and between Sun Life Financial and Genworth Financial.

On April 2, 2007, Acting Insurance Commissioner Susan F. Cogswell (“Acting Commissioner Cogswell”) issued a notice of hearing, in which she ordered that a public hearing concerning the application for approval of the Proposed Acquisition of Control of the Domestic Insurer be held on May 3, 2007. The hearing notice was subsequently published in The Hartford Courant once a week for two consecutive weeks. The notice of hearing was also filed by the Department with the Office of the Secretary of State on April 2, 2007 and was published on the Department’s Internet website. In accordance with section 38a-8-48 of the Regulations of the Connecticut State Agencies, the Applicants and Domestic Insurer were designated as parties to this proceeding.

The following individuals participated in and/or testified at the public hearing on behalf of the Applicant and the Domestic Insurer:

Robert C. Salipante, President, Sun Life Financial U.S., represented the Applicants.

George Ripley, Vice President and General Counsel, Genworth, represented the Domestic Insurer.

Ellen M. Dunn, Esq. and Allison J. Tam, Esq., LeBoeuf, Lamb, Greene & MacRae LLP represented the Applicant.

The following Department staff participated in the public hearing:

Beth Cook, Esq., Kathy Belfi and Joan Nakano.

Pursuant to the published hearing notice, the public was given an opportunity to speak at the hearing or to submit written comments no later than the close of business on April 27, 2007, by an Order dated April 2, 2007. No public officials or members of the public signed up to speak, spoke at the hearing, or submitted written testimony.

II. FINDINGS OF FACT

After reviewing the exhibits entered into the record of this proceeding, and based on the testimony of the witnesses, the undersigned makes the following findings of fact:

1. Sun Life Assurance is a life insurance company established in 1865, and is the principal life insurance subsidiary of Sun Life Financial. On March 22, 2000, Sun Life Assurance reorganized from a mutual life insurance company to a stock life insurance company, and became a direct wholly-owned subsidiary of Sun Life Financial.
2. Sun Life Financial is a publicly traded stock holding company, incorporated under the Insurance Companies Act of Canada (The "Act").
3. Sun Life Financial is a reporting company under the Securities Exchange Act of 1934, as amended, and trades on the Toronto, New York, and Philippine stock exchange under the ticker symbol "SLF".
4. Sun Life Financial activities are regulated by the Act, which is administered by the Office of the Superintendent of Financial Institutions, Canada ("OSFI").
5. Sun Life Financial has several insurance company subsidiaries which are licensed to do business in the United States, including Sun Life Assurance.
6. Sun Life Assurance operates in the United States through its branch entered through the State of Michigan ("U.S. Branch") which is licensed in Connecticut. The U.S.

Branch is licensed in 49 states (all except New York), the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

7. Sun Life offers a wide array of insurance products to individuals and businesses, including group and individual life insurance, group disability and medical stop-loss insurance.
8. Sun Life Assurance is a leading international financial services organization, providing a wide range of savings, retirement, pension, mutual funds, and life and health insurance products and services to individuals and corporate customers.
9. Sun Life Assurance has an extensive global distribution network consisting of career sales forces in certain countries, independent insurance agents, managing general agents, investment dealers and banks.
10. As of September 31, 2006, Sun Life Assurance had total assets under management of U.S. \$116.2 billion. Sun life Assurance recorded total revenue of U.S. \$14.5 billion and common shareholders net income of U.S.\$1.22 billion for the period ended December 31, 2006.
11. In accordance with the Stock Purchase Agreement, dated as of January 10, 2007, by and between Sun Life Financial and Genworth Financial, and subject to the terms and conditions stated there in, Sun Life Financial (or its assignees) will purchase all of the outstanding shares of capital stock of the Domestic Insurer; Dental Holding, Inc ("DHI"), a Connecticut corporation, which owns 100% of the capital stock of California Benefits Dental Plan ("CA Benefits"), a California health care service plan.

12. Sun Life Financial will assign its right to purchase the shares of the Domestic Insurer to Sun Life Assurance, which will acquire the Domestic Insurer through the U.S. Branch.
13. Sun Life Financial will assign its right to acquire DHI to Sun Life of Canada (U.S.) Holdings Inc (“Life Holdco”), a Delaware holding company, which is an indirect subsidiary of Sun Life Financial.
14. Upon the closing of the Proposed Transaction, Sun Life Assurance will become the direct parent of the Domestic Insurer and Life Holdco will become the direct parent of DHI.
15. The merger consideration consists of cash in the amount of approximately \$650 million subject to several adjustments set forth in the Proposed Transaction.
16. The U.S. Branch plans to fund the approximately \$609 million portion of the purchase Price from available funds of approximately \$159 million held by the U.S. Branch, with the remaining approximately \$450 million to be provided from the proceeds of two surplus notes to be issued by the U.S. Branch to a wholly-owned subsidiary of Sun Life Financial.
17. The funds for the purchase of the surplus notes will come from available funds in the Sun Life Financial group of companies.
18. Life Holdco will fund the approximately \$41 million portion of the purchase price from available funds.
19. The nature, source and amount of the consideration to be paid in connection with the Proposed Transaction were determined by arm’s length negotiation between the parties to the Stock Purchase Agreement.

20. Upon completion of the proposed Transaction, the Applicants intend to integrate the operations of the Domestic Insurer into the Sun Life Financial U.S. Business Group.
21. The Applicants plan to have the Domestic Insurer enter into a renewal rights agreement with the U.S. Branch and Sun Life Insurance and Annuity Company of New York ("SLNY"), a New York-domiciled insurer that is an indirect subsidiary of Sun Life Financial, that will grant to the U.S. Branch and SLNY the right to renew the existing business of the Domestic Insurer following a transition period after closing.
22. Other than as disclosed in the Amended Form A, including in the Amended and Restated Business Plan, the Applicants have no present plans or proposal to cause the Domestic Insurer to declare an extraordinary dividend or make other distributions, liquidate the domestic insurer, sell the Domestic Insurer's assets, merge or consolidate the Domestic Insurer with any person or persons, make any other material change in the Domestic Insurance business operations or corporate structure or management, or cause the Domestic Insurer to enter into material contracts.
23. Following the Merger, the following will be members of the board of directors of the Domestic Insurer:
- Scott M. Davis
 - Ronald H. Friesen
 - Robert C. Salipante
 - Michael E. Shunney
 - Janet V. Whitehouse
24. After the Merger, the following will be officers of the Domestic Insurer:

James M. A. Anderson

Michael S. Bloom

Scott M. Davis

Ronald H. Friesen

Keith Gubbay

Robert C. Salipante

Michael E. Shunney

Janet V. Whitehouse

John R. Wright

25. The biographical affidavits of the members of the board of directors and officers of the Domestic Insurer, which include the individual's educational background, professional credentials, and employment history, are included in the record and the files of the Insurance Department.
26. Mr. Salipante testified that the Applicants expect that as a result of the Proposed Transaction, during the remainder of 2007, other than voluntary terminations, there will be fewer than 50 positions eliminated from the Windsor location which support the Domestic Insurer's operations. As the integration process continues through 2008 and into the first half of 2009, the Applicants expect that an additional 30 to 50 positions will be eliminated from the Windsor location due to redundancies or changes in functional location.
27. The Applicants intend at some point after the Closing to conduct a review of the operations of Professional Insurance Company ("PIC"), which currently has

approximately 5 dedicated employees at the Windsor location, to determine the long term strategic fit of this business with that of the SLF U.S. Business Group.

28. Mr. Salipante testified that the Applicants intend beyond 24 months to maintain a substantial presence in Connecticut.
29. Mr. Salipante testified that the Applicants expect that the array of functions performed in Connecticut will change with the greatest expansion in the more highly skilled knowledge-based risk management positions, such as underwriting, claims and actuarial support for all group product lines, and with the migration of certain administrative and technology functions to other locations.
30. Mr. Salipante testified that the Applicants believe that the SLF U.S. Business Group will continue to grow, and that growth is expected to create demand for the skilled positions identified and this will drive growth in the number of positions located in Windsor, Connecticut.
31. Mr. Salipante testified that the Applicants' business plan projections assumes growth in the overall business of the SLF U.S. Business Group of approximately 15% per year and/or a similar rate of attrition in the Wellesley Hills location in positions that will be eligible for replacement in the Windsor, Connecticut location. The success of the combined businesses will ultimately dictate employment levels in all locations.
32. Mr. Salipante testified that the Applicants expect that in the long term employment numbers should be approaching the Domestic Insurer's current staffing levels in Windsor.
33. The Applicant submitted written testimony which confirms that the original forms of the Domestic Insurer's charter and bylaws, shareholder, board of directors and

committee meeting minutes, and stock registers will be maintained at the statutory home office in Windsor, Connecticut.

34. The Applicants submitted written testimony stating that if the Proposed Transaction is approved by the Department, the Applicants agree to work with the Department to ensure that the Department has immediate and unfettered access to any books and records of the Domestic Insurer in the unlikely event of an insolvency or receivership/liquidation action regarding the Domestic Insurer.
35. Three years of statutory financial projections for the Domestic Insurer are included in the records and files of the Insurance Department.
36. Following the Closing, the Domestic Insurer will become part of the SLF U.S. Business Group. Thus, the management and oversight of the Domestic Insurer's business functions will be reorganized to align with the organizational structure of the SLF U.S. Business Group.
37. Following the announcement of the Proposed Transaction, Sun Life Financial and Sun Life Assurance were assigned the following ratings:

| | MOODY'S | Standard & Poor's | A.M. BEST |
|--|--------------------|--------------------|--------------------|
| Sun Life Financial | | | |
| Financial Strength Rating | No rating required | No rating required | No rating required |
| Counter Party Credit Rating – Senior Debt | No rating required | AA- | No rating required |
| Counter Party Credit Rating – Perpetual Preferred Shares | Baa1 | A | No official rating |
| Sun Life Assurance | | | |
| Financial Strength Rating | Aa2 | AA+ | A++ |
| Counter Party Credit Rating – Subordinated Debentures | A1 | AA | No official rating |

38. Following the announcement of the Proposed Transaction, the Domestic Insurer was assigned the following ratings:

| | MOODY'S | Standard & Poor's | A.M. BEST |
|--------------------|-----------|-------------------|-----------|
| Genworth | | | |
| Financial Strength | Not rated | AA- | A |

39. There have been no changes to these ratings as a result of the proposed transaction.

40. Neither of the Applicants nor any person controlling, controlled by or under common control with the Applicant or any person listed as a director or executive officer beneficially owns or has, directly or indirectly a right to acquire beneficially any voting securities of the Domestic Insurer or any securities convertible into or evidencing a right to acquire any such voting securities whether or not such right of conversion or acquisition is exercisable immediately or at some future time.

41. Other than the Stock Purchase Agreement, there are no contracts, arrangements, or understandings, whether oral or in writing relating, directly or indirectly, to any voting securities of the Domestic Insurer or any securities convertible into or evidencing a right to acquire any such voting securities whether or not such right of conversion or acquisition is exercisable immediately or at any future time involving Applicants, or any other person listed as director or executive officer.

42. Except for minimum amounts of voting securities of Genworth Financial, the direct parent of the Domestic Insurer, purchased by certain persons listed as director or executive officer in the ordinary course, there have been no purchases, directly or indirectly, of any voting securities of the Domestic Insurer by the Applicants, any person controlling, controlled by or under common control with the Applicant or any

other person listed as directors or executive officer during the 12 calendar month preceding the filing of the amended Form A.

43. Except for the Stock Purchase Agreement, there have been no recommendations to purchase, directly or indirectly, any voting security of the Domestic Insurer made by the Applicants, any person controlling, controlled by or under common control with the Applicants or any person listed as director or executive officer, or by anyone based upon interviews or at the suggestion of the Applicants, any person controlling, controlled by or under common control with the Applicants or any person listed as director or executive officer during the 12 calendar months preceding the filing of the Amended Form A.

44. There are no agreements, contracts or understandings made or proposed to be made with any broker-dealer as to solicitation of voting securities of Genworth Financial or the Domestic Insurer for tender.

45. The waiting period required by the Hart-Scott Rodino Anti-Trust Improvement Act of 1976 in connection with the Proposed Acquisition received early termination effective February 20, 2007.

46. The Proposed Transaction will not substantially lessen competition of insurance in the State of Connecticut or tend to create a monopoly therein.

III. DISCUSSION

Section 38a-132(b) of the Connecticut General Statutes specifically requires the approval of the proposed acquisition of control of the Domestic Insurer unless it is determined that:

- (A) After the change of control, the Domestic Insurer would not be able to satisfy the requirements for the issuance of a license to write the lines of business for which they are presently licensed;
- (B) The effect of the merger or other acquisition of control would be to substantially lessen competition of insurance in this state or tend to create a monopoly in Connecticut;
- (C) The financial condition of the acquiring party is such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interest of its policyholders;
- (D) The plans or proposals which the acquiring party has to liquidate the Domestic Insurer, 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, are unfair and unreasonable to policyholders of the Domestic Insurer and not in the public interest;
- (E) The competence, experience and integrity of those persons who would control the operations of the Domestic Insurer are such that it would not be in the interest of the policyholders of the Domestic Insurer and of the public to permit the merger or other acquisition of control; or
- (F) The acquisition of control of the Domestic Insurer is likely to be hazardous or prejudicial to those buying insurance.

A. The ability of the Domestic Insurer to satisfy the requirements for the issuance of a license to write the lines of business for which they are presently licensed following the proposed acquisition of control.

Genworth Life and Health Insurance Company is a domestic insurance company currently licensed pursuant to section 38a-41 of the Connecticut General Statutes for life and health. Section 38a-72 of the Connecticut General Statutes requires that a domestic stock life insurance company must have a minimum of \$1,000,000 in capital and \$2,000,000 in paid-in surplus in the aggregate.

The Domestic Insurer currently satisfy the requirements for the issuance of a license to write the lines of business for which they are licensed.

As noted in the finding of fact, following consummation of the Merger, the Applicants have no plans or proposals to liquidate the Domestic Insurer, to sell their assets, merge or consolidate the Domestic Insurer with any other person or entity. There are no plans for the Domestic Insurer to enter into any material contract, agreement, arrangement or transaction of any kind with any person or entity.

B. Whether the effect of the merger would be to substantially lessen competition of insurance in this state or tend to create a monopoly herein.

On February 2, 2007, the Applicants filed an application with the Federal Trade Commission ("FTC") and the Antitrust Division of the Department of Justice ("DOJ"), as required by the Hart-Scott-Rodino Antitrust Improvement Act ("HSR"), 15 U.S.C §18. Under the HSR and implementing regulations, 16 C.F.R part 801 et seq., proposed acquisitions of stock or assets having a market value in excess of \$15 million by a company having annual sales or total assets of \$100 million or more must, with certain exceptions, be reported to the DOJ and the FTC. Accordingly, the proposed acquisition of the Domestic Insurer by the Applicants may not be consummated unless the waiting periods prescribed by the HSR have either been shortened by the enforcement agencies or

expired without government action. The FTC granted early termination of the waiting period effective February 20, 2007. Based on the early termination action of the FTC, an inference is drawn that there was no finding that the proposed acquisition by the Applicants of the Domestic Insurer would substantially lessen competition or create monopoly.

C. Whether the financial condition of the Applicant is such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interest of their policyholders.

As of September 31, 2006, Sun Life Assurance had total assets under management of U.S. \$116.2 billion. Sun Life Assurance recorded total revenue of U.S. \$14.5 billion and common shareholders' net income of U.S. \$1.22 billion for the period ended December 31, 2006.

Substantial evidence contained in the Form A application and the supplemental information submitted to the Department indicates that the financial condition of the Applicants will not jeopardize the financial condition of the Domestic Insurer following the Merger.

D. Whether the plans or proposals which the Applicant has to liquidate the Domestic Insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the Domestic Insurer and not in the public interest.

The record reveals that the Applicants have no current plans or proposals to liquidate the Domestic Insurer, to sell its assets, or consolidate or merge it with any other entity.

The Applicants intend to integrate the operations of the Domestic Insurer into the SLF U.S. Business Group. Applicants plan to reinsure with the U.S. Branch and Sun Life

Insurance and Annuity Company of New York (“SNLY”), a New York domiciled insurer that is an indirect subsidiary of Sun Life Financial, the business of the Domestic Insurer, except for a block of business reinsured with another company. In addition, the Applicants plan to have the Domestic Insurer enter into renewal rights agreements with the U.S. Branch and SNLY that will grant to the U.S. Branch and SNLY the right to renew the existing business of the Domestic Insurer following a transition period after the closing.

Accordingly, the record supports the conclusion that there are no plans or proposals for the Domestic Insurer that are unfair and unreasonable to policyholders of the Domestic Insurer or not in the public interest.

E. Whether the competence, experience and integrity of those persons who would control the operations of the Domestic Insurer are such that it would not be in the interest of the Policyholders of the Domestic Insurer and the public to permit the merger or other acquisition of control

The record includes the biographical affidavits of those individuals who will serve as members of the board and as officers of the Applicants and the Domestic Insurer following the change of control. The biographical affidavits disclose each individual’s educational background, professional credentials and their employment history. In addition, the Applicants have represented, and the biographical affidavits confirm, that during the last ten years none of the proposed directors or officers of the Applicants and Domestic Insurer have been convicted in a criminal proceeding (excluding minor traffic violations) or have been convicted or otherwise penalized for violating any federal or state law regulating the business of insurance, securities or banking, (or in the case of an alien person, such equivalent provision as applicable). During the last ten years, none of the proposed directors or officers of the Applicants have been subject of any proceeding

under the Federal Bankruptcy Code, (or in the case of an alien person, such equivalent provision as applicable) or have been affiliated with a business or organization which has subject to such proceeding.

Furthermore, no proposed director or officer of the Applicants or the Domestic Insurer has had a revocation, suspension or disciplinary sanction imposed against him or her by a governmental agency. None of the filed biographical affidavits contain any information that reflects negatively on the integrity of these individuals. The competence, experience, and integrity of those persons who would control the operations of the Domestic Insurer after the Merger is such that it would be in the interest of policyholders of the Domestic Insurers, and in the public interest, to permit the Merger.

F. Whether the acquisition is likely to be hazardous or prejudicial to those buying insurance.

Based on the financial strength of the Applicants, the affirmation that the current plans for the Domestic Insurer will not disrupt the Applicant's or the Domestic Insurer current membership, the potential for growth opportunities and operating efficiencies planned by the Applicant, as well as provision of a strong and stable financial environment for the Domestic Insurer is not likely to be hazardous to those buying insurance.

Accordingly, assuming compliance with all Connecticut's insurance statutes and regulations, it is reasonable to conclude that the proposed acquisition of control of the Domestic Insurer is not likely to be hazardous to those buying insurance.

IV. RECOMMENDATION

Accordingly, based on the foregoing findings of fact and discussion, the record of the May 3, 2007 public hearing, and the recommendation of the Insurance Department staff, the undersigned concludes that the Applicants have satisfied the statutory criteria as provided in section 38a-132(b) of the Connecticut General Statutes. Accordingly, the undersigned recommends that the Insurance Commissioner find, pursuant to section 38a-132(b) of the Connecticut General Statutes that after the proposed acquisition of control (a) the Domestic Insurer will be able to satisfy the requirements for the issuance of a license; (b) the effect of the acquisition of control will not substantially lessen competition in this state or tend to create a monopoly therein; (c) the financial condition of the Applicants is not such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interest of their policyholders; (d) the plans or proposals for the Domestic Insurer, are not unfair and unreasonable to their policyholders, and are in the public interest; (e) the competence, experience and integrity of the management of the Applicants is such that it would be in the interest of policyholders of the Domestic Insurer, and of the public to permit the proposed acquisition of control; and (f) the acquisition of control of the Domestic Insurer is not likely to be hazardous or prejudicial to those buying insurance.

Accordingly, the undersigned recommends the following orders:

1. The Form A Application of the Applicants in which they seek approval to acquire control of Domestic Insurer be approved.
2. The Applicants and Domestic Insurer shall comply with their commitments as set forth in the Proposed Final Decision.

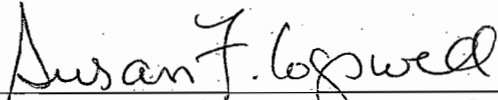
3. The Applicants shall provide the Insurance Department with written confirmation of the consummation of the acquisition of control by the end of the month the acquisition of control takes place.
4. For a period of three (3) years, the Applicants shall file semiannually with the Insurance Department, commencing six months from consummation of the transaction, a report under oath of its business operations in Connecticut, including but not limited to, the status of integration with the Domestic Insurer, change to the business of the Domestic Insurer; employment levels; changes in offices of the Domestic Insurer; any changes in location of its operations in Connecticut; charitable contributions made to Connecticut entities; and, notice of any statutory compliance or regulatory actions taken by other state regulatory authorities against the Applicants and the Domestic Insurer.
5. The Applicants should provide the Department with the names and titles of those individuals who will be responsible for filing an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
6. Within fifteen (15) days following the end of the month in which the proposed acquisition is consummated, the Domestic Insurer shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
7. If the proposed transaction is not consummated within three (3) months of the date of this Order and the Applicants intend to consummate the proposed transaction, the Applicants shall submit to the Commissioner a statement, which shall include (1) the reason for the Applicants inability to consummate the proposed transaction; (2) any

material changes in the information contained in the Form A Application; and (3) the current financial statements of the Applicants and the Domestic Insurer.

8. The Domestic Insurer shall, at all times, maintain their books, records and assets in Connecticut pursuant to Connecticut Law and consistent with the terms of the Form A Application, unless otherwise approved by the Commissioner.

9. The Applicants shall pay expenses incurred by the Insurance Commissioner in connection with the Insurance Department's review of the captioned transaction pursuant to sections 38a-132(a)(3) and 38a-132(c) of the Connecticut General Statutes.

Dated at Hartford, Connecticut, this 15th day of May, 2007



Susan F. Cogswell, Deputy Insurance Commissioner
Hearing Officer