

BEFORE THE INSURANCE COMMISSIONER AND THE ATTORNEY GENERAL OF
THE STATE OF IOWA

In re the application of AMERICAN)	
ENTERPRISE MUTUAL HOLDING)	
COMPANY and AMERICAN ENTERPRISE)	FINDING OF FACT,
GROUP, INC. for approval of an Agreement)	CONCLUSION OF LAW,
and Plan of Merger with MEDICO MUTUAL)	AND ORDER
INSURANCE HOLDING COMPANY,)	(Iowa Code sections 521.5 & 521.8)
MEDICO HOLDINGS, INC. and MEDICO)	
INSURANCE COMPANY)	

I. INTRODUCTION

Pursuant to Iowa Code sections 521.5 and 521.8 (2011), on June 22, 2012 the undersigned Commission heard an application for approval of an Agreement and Plan of Merger (“Merger Agreement”) between AMERICAN ENTERPRISE MUTUAL HOLDING COMPANY (“American Enterprise”), AMERICAN ENTERPRISE GROUP, INC. (“AE Group”), MEDICO MUTUAL INSURANCE HOLDING COMPANY (“MMIHC”), MEDICO HOLDINGS, INC. (“MHI”), and MEDICO INSURANCE COMPANY (“Medico”).

American Enterprise, an Iowa mutual insurance holding company and AE Group, an Iowa intermediate stock holding company were formed in connection with the mutual insurance holding company reorganization of American Republic Insurance Company (“American Republic”). American Republic is an Iowa domiciled life insurance company. American Enterprise, through AE Group, controls American Republic.

MMIHC, a Nebraska mutual insurance holding company and MHI, a Nebraska intermediate stock holding company were formed in connection with the mutual insurance holding company reorganization of Mutual Protective Insurance Company, now known as Medico. Medico is a Nebraska domiciled and Iowa licensed life insurance company. MMIHC, through MHI, controls Medico.

The Commission reviewed the Merger Agreement with an effective date of July 1, 2012. If the Merger Agreement is approved, American Enterprise will obtain control of Medico. The Commission notes that American Enterprise, American Republic, MMIHC, and Medico have current financial statements on file with the Division.

II. JURISDICTION

The Commission has jurisdiction over this proceeding under Iowa Code sections 521.2, 521.3, 521.4, 521.5, and 521.8 (2011).

III. FINDINGS OF FACT

Iowa Code section 521.8 (2011) permits the Commission to approve the proposed Merger Agreement if it is satisfied that the interests of the affected policyholders are properly protected and no reasonable objection to the Merger Agreement exists.

Under the Merger Agreement, 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 AE Group with AE Group being the surviving entity. Medico will continue its separate corporate existence as a separate Nebraska life insurance company and become a direct wholly owned subsidiary of AE Group and an indirect subsidiary of American Enterprise. AE Group will transfer not less than \$25 million in cash and/or securities to Medico as a capital contribution to increase Medico's financial strength and improve its capital position.

The Merger Agreement 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. The merger will not result in any change in the rights or privileges of current members of American Enterprise. All American Enterprise subsidiaries will continue to exist as separate corporate entities after the effective date of the merger.

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. Medico and its subsidiaries will continue to exist as separate corporate entities after the effective date of the merger. All future policyholders of Medico after the merger will automatically become members of American Enterprise and shall be entitled to all rights and privileges of American Enterprise.

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 the plans presented in the Form A. The Merger Agreement 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.

The Merger Agreement has been authorized and approved by all the boards of directors. MMIHC filed the Merger Agreement with the Nebraska Director of Insurance. The Nebraska Director subsequently issued an order approving the Merger Agreement and authorizing the acquisition of control of Medico by American Enterprise on April 9, 2012. MMIHC's members voted on the merger during the Annual member meeting on May 11, 2012.

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

While there are no plans to demutualize, the Merger Agreement 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 American Enterprise members, the American Enterprise board of directors will provide all of its members at that time with fair and equitable treatment under a plan of demutualization or other distribution. The Merger Agreement further details a distribution method in the event of a plan of demutualization or other distribution adopted prior to October 1, 2016. American Enterprise will employ a course of "fair and equitable treatment" to distinguish between the amount of consideration distributed to the following member groups: members of MMIHC at the effective date, existing members of American Enterprise at the effective date, and future members of American Enterprise following the effective date.

The Commission finds that the respective interests of American Enterprise, AE Group, MMIHC, Medico, and MHI policyholders are properly protected under the Merger Agreement. The Commission further finds that no reasonable objection for approval of the Merger Agreement exists.

IV. CONCLUSIONS OF LAW

The legislature has vested discretion in the Commission not only to make factual findings, but also to interpret and apply the law. Iowa Code sections 521.5 and 521.8 permit the Commission to approve a Merger Agreement if it determines that the applicant demonstrates the two criteria listed within section 521.8 to the satisfaction of the Commission.

The Commission concludes, upon substantial evidence, that the Merger Agreement between American Enterprise, AE Group, MMIHC, Medico, and MHI meet the two requirements of Iowa Code section 521.8, and should be approved.

ORDER

IT IS THEREFORE ORDERED that the Agreement and Plan of Merger is hereby approved subject to the following condition:

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 effective date as set in the Agreement and Plan of Merger would be fair and equitable or in any way satisfactory to meet demutualization requirements.

American Enterprise Mutual Holding Company and American Enterprise Group, Inc.'s application for approval of its Agreement and Plan of Merger with Medico Mutual Insurance Holding Company, Medico Holdings, Inc., and Medico Insurance Company is **APPROVED**.

This Order shall be considered final agency action for the purposes of Iowa Code chapter 17A (2011). Any action challenging this Order shall comply with the requirements of Iowa Code chapter 17A.

Any application for rehearing shall comply with the requirements of Iowa Code chapter 17A.

Dated this 22nd day of June 2012.

SUSAN E. VOSS
Iowa Insurance Commissioner

THOMAS J. MILLER
Iowa Attorney General

_____/s/_____
By: JAMES N. ARMSTRONG
Deputy Commissioner of Insurance

_____/s/_____
By: JEANIE KUNKLE VAUDT
Assistant Attorney General

Copy to:

Michelle Casper Barker
American Enterprise Group, Inc.
601 6th Avenue
Des Moines, IA 50334

Michael Leahy
Medico Insurance Company
1515 South 75th Street
Omaha, NE 68124

Mark Dickinson, Esq.
Nyemaster Goode
700 Walnut, Suite 1600
Des Moines, IA 50309-3899