

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

In re the application of AMERICAN)	FINDING OF FACT, CONCLUSION OF LAW, AND ORDER
REPUBLIC INSURANCE COMPANY)	
for approval of an Agreement and)	
Plan of Merger with WORLD)	
INSURANCE COMPANY)	
)	

(Iowa Code sections 521.5 & 521.8)

I. INTRODUCTION

Pursuant to Iowa Code sections 521.5 and 521.8 (2013), on January 31, 2013 the undersigned Commission heard an application for approval of an Agreement and Plan of Merger (“Merger Agreement”) between AMERICAN REPUBLIC INSURANCE COMPANY (“American Republic”) and WORLD INSURANCE COMPANY (“World”) with an effective date of March 31, 2013. American Republic is an Iowa stock life insurance company and indirect wholly owned subsidiary of American Enterprise Mutual Holding Company (“American Enterprise”). World is a Nebraska stock life insurance company and indirect wholly owned subsidiary of American Enterprise.

American Enterprise is an Iowa mutual insurance holding company. American Enterprise controls American Republic and World through American Enterprise Group, Inc. (“AE Group”), an Iowa intermediate holding company and direct wholly owned subsidiary of American Enterprise. American Enterprise, in its capacity as sole shareholder of AE Group authorized and directed AE Group, as sole shareholder of American Republic and World to authorize and approve the Merger Agreement.

The Commission notes that American Republic, American Enterprise, and World 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 (2013).

III. FINDINGS OF FACT

Iowa Code section 521.8 (2013) 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.

The Merger Agreement provides that World will merge with and into American Republic as of March 31, 2013. American Enterprise, as a mutual insurance holding company organized under the laws of the state of Iowa is the ultimate controlling party of both American Republic and World. Upon completion of the merger, American Republic will be the surviving corporation and World will be merged into it, thereby ceasing to exist. Also, the Merger Agreement requires, as a prerequisite to closing, that American Republic and World receive an opinion from counsel to the effect that the mergers will qualify as tax-free reorganizations. The merger will not result in any change in the rights or privileges of current policyholders of American Republic.

Following the merger, World policyholder's membership interests in American Enterprise will continue and remain unchanged. All policies issued by World before the effective date of the merger will remain in effect and all policy (contractual) rights will remain unchanged. The World policies or contracts will become obligations of American Republic. American Republic will hold the combined assets of American Republic and World upon completion of the merger.

Following the effective date, American Republic, as the successor to World, will maintain the practices applicable to the payment of dividends on those insurance policies previously issued by World in a manner consistent with World's historical dividend payment practices.

There will be no change in the process whereby dividends are determined and paid on participating policies previously issued by American Republic, as such dividends will continue to be determined by the board of directors of American Republic in accordance with the dividend payment policies adopted at the time American Republic engaged in its mutual insurance company holding company reorganization.

The Commission finds that the interests of American Enterprise and the interests of American Republic and World 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 Republic and World meets the two requirements of Iowa Code section 521.8, and should be approved.

ORDER

IT IS THEREFORE ORDERED that American Republic Insurance Company’s application for approval of its Agreement and Plan of Merger with World Insurance Company is **APPROVED**.

This Order shall be considered final agency action for the purposes of Iowa Code chapter 17A (2013). 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 31th day of January, 2013.

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:

Timothy Hall
American Republic Insurance Company
601 6th Avenue
Des Moines, IA 50309

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

Matt Hargrafen
LOCAL