

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

FILED

MAY 31 2011

INSURANCE COMMISSIONER
OKLAHOMA

IN RE: Request for Disclaimer of Affiliation)
by SIEGFRIED COMPANIES, INC.)
Relating to LEADERS LIFE INSURANCE)
COMPANY, a Domestic Oklahoma Insurer.) Case No. 11-0586-TRN

**NOTICE OF RIGHT TO HEARING WITH CONDITIONAL ORDER DISALLOWING
REQUEST FOR DISCLAIMER OF INTEREST**

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, and makes the following findings of fact, conclusions of law and enters the following orders relating to the request of Siegfried Companies, Inc. ("Siegfried") to disclaim its 21% interest in Leaders Life Insurance Company ("the Domestic Insurer"):

JURISDICTION

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and, as such, is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq. Under 36 O.S. §§ 1651 and 1654 (i), the Insurance Commissioner has the authority to review and allow or disallow requests for disclaimers of interest as a "control person" as that term is defined and used in 36 O.S. § 1651. Under this Section of the Oklahoma Insurance Code, a person or entity is presumed to have "control" of an Oklahoma domestic insurer if it owns, directly or indirectly, 10% or more of the insurer.

2. The Domestic Insurer is authorized to transact life, accident and health insurance business in the State of Oklahoma pursuant to Certificate of Authority Number 4441 (NAIC CoCode 74799).

3. The Domestic Insurer is a wholly-owned subsidiary of LCI Corporation. Therefore, the Domestic Insurer belongs to an insurance company holding system.

FINDINGS OF FACT

1. Siegfried submitted a request for disclaimer of control of the Domestic Insurer on or about May 2, 2011. The facts stated in the Request were certified by E. Dick Bendel, President of Siegfried. As of that date, Siegfried represented it owned 21% of the stock of the Domestic Insurer; thereby invoking the presumption that Siegfried has a controlling interest in the Domestic Insurer.

2. Siegfried states in its request that it cannot mathematically control the Domestic Insurer due to approximately 79% ownership of the Company by other entities and individuals.

3. Siegfried states in its request that without a voting agreement or other arrangement, the 21% of the outstanding stock it owns cannot mathematically control the Domestic Insurer. The Applicant further states there are no such voting agreements in place; consequently, Siegfried does not and cannot control the Domestic Insurer and should be granted the disclaimer it requests.

4. The assertions by Siegfried that (1) it cannot mathematically control the Domestic Insurer, or (2) it has no present voting agreement in place with others through which such control could be achieved, do not per se rebut the presumption of control, given the recognition in the statute of the potential power even a relatively small concentration of corporate ownership can wield. Simply because Siegfried states before the fact that they have no intent to control the Domestic Insurer does not change their ability to control as presumed by Oklahoma law. *See* NAIC SSAP No. 25.

5. Treating the ownership of Siegfried in the Domestic Insurer as a nullity via disclaimer holds the potential for the positions of other stockholders to inflate and such stockholder to inadvertently accede to control status.

6. Siegfried's stated facts are not sufficient to rebut the presumption of control of the Domestic Insurer by either direct or indirect control of its management or corporate decisions.

7. For these reasons, Siegfried's request for a disclaimer of control is denied.

CONCLUSIONS OF LAW

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and, as such, is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq. Under 36 O.S. §§ 1651 and 1654 (i), the Insurance Commissioner has the authority to review and allow or disallow requests for disclaimers of interest as a presumptive "control person" as that term is defined and used in 36 O.S. § 1651. Under this Section of the Oklahoma Insurance Code, a person or entity is deemed to have "control" of an Oklahoma domestic insurer if it owns, directly or indirectly, 10% or more of such insurer.

2. Title 36, Section 1651(c) of the Oklahoma statutes states:

(c) Control. The term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns controls, holds with the power to vote, or holds proxies representing ten percent (10%) or more of the voting securities of any other person. This presumption may be rebutted by a showing that control does not exist in fact in the manner provided in Section 4(i). The Commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support such determination, that control exists in fact, notwithstanding the absence of a presumption to that effect.

3. The burden of proof is on the person or entity disclaiming control. O.A.C. 365:25-7-29(e) (1).

4. As of May 2, 2011, Siegfried states it owns, controls, or holds a discretionary right to vote 21% of the outstanding voting stock of the Domestic Insurer. The facts alleged in Siegfried's request for disclaimer of control as summarized in the Findings of Fact above do not overcome the statutory presumption of control. Therefore, Siegfried's request for a disclaimer of control is denied.

5. The Insurance Commissioner having made specific findings of fact in support of the disallowance of Siegfried's request for disclaimer must furnish all parties in interest with notice and opportunity to be heard under 36 O.S. § 1654(i) upon such disallowance.

ORDER

IT IS THEREFORE ORDERED that the instant request for disclaimer of affiliation by Siegfried is disallowed.

IT IS FURTHER ORDERED that the above ruling by the Insurance Commissioner shall become immediately effective unless within thirty (30) days from receipt of this Conditional Order of Disallowance any party in interest requests in writing a hearing on the disallowance.. If no hearing is requested, the directive stated above shall become effective and compliance therewith shall be due by the end of said thirty (30) day period without further action by the Oklahoma Insurance Department. Any request for hearing should be directed to Kelley Callahan, Senior Attorney, Oklahoma Insurance Department, Five Corporate Plaza, 3625 N.W. 56th, Suite 100, Oklahoma City, Oklahoma, 73112.

WITNESS My Hand and Official Seal this 31st day of May, 2011.



A handwritten signature in black ink, appearing to read "Paul Wilkening".

PAUL WILKENING
Deputy Commissioner of Administration
Oklahoma Insurance Department

CERTIFICATE OF MAILING

I, Kelley C. Callahan, hereby certify that a true and correct copy of the above and foregoing Notice of Hearing and Conditional Order of Disallowance of Disclaimer was mailed postage prepaid with return receipt requested on this 31st day of May, 2011, to:

Cynthia A. Taylor
Secretary
Leaders Life Insurance Company.
1350 S. Boulder Avenue, Suite 900
Tulsa, Oklahoma 74119

A. Dick Bendel
Siegfried Companies, Inc.
1924 S. Utica Avenue, Suite 1120
Tulsa, OK 74104-6529

and that a copy was delivered to the Oklahoma Insurance Department Financial and Examination Division: Mathangi Shankar, Chief Examiner & Division Director.


KELLEY C. CALLAHAN
Senior Attorney

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A. Dick Bendel
 Siegfried Companies, Inc.
 1924 S. Utica Avenue, Suite 1120
 Tulsa, OK 74104-6529
 sms/11-0586-TRN/Not of Right to Hrg

PS Form 3800, August 2006 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
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<p>1. Article Addressed to:</p> <p style="text-align: center;">JUN 06 2011</p> <p style="text-align: center;">A. Dick Bendel Legal Division Siegfried Companies, Inc. 1924 S. Utica Avenue, Suite 1120 Tulsa, OK 74104-6529 sms/11-0586-TRN/Not of Right to Hrg</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
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Street, Apt. No. or PO Box No. City, State, ZIP		

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1. Article Addressed to:

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 Tulsa, Oklahoma 74119
 sms/11-0595-TRN/Notice of Right to Hrg
 11-0586-700

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 Addressee

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 Elizabeth Green

C. Date of Delivery
 6-1-11

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JUN 06 2011

Legal Division

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