

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

FILED

In re: Acquisition of Liberty Bankers)
Life Insurance Company, a domestic)
insurer, AND American Benefit Life)
Insurance Company, a domestic insurer,)
AND The Capitol Life Insurance)
Company, a Texas domestic insurer)
BY the Liberty Life Group Trust)

Case No. 11-0767-TRN

OCT 14 2011

INSURANCE COMMISSIONER
OKLAHOMA

ORDER

On the 26th day of September, 2011, the above matter came for hearing and review by the Oklahoma Insurance Commissioner through his duly appointed Hearing Examiner.

The Applicant was represented by Stephen Jones of the law firm of Jones, Otjen & Davis, Enid, Oklahoma and the Oklahoma Insurance Commissioner was represented by Kelley C. Callahan, Senior Attorney. Judge Leamon Freeman was appointed by the Honorable John D. Doak, Oklahoma Insurance Commissioner, for the purpose of acting as Hearing Officer and making all determinations pertinent to the acquisition of control of Liberty Bankers Life Insurance Company, an Oklahoma domestic life insurer ("Liberty Bankers Life), and American Benefit Life Insurance Company, an Oklahoma domestic life insurer ("American Benefit Life"), and The Capitol Life Insurance Company ("Capitol Life"), a Texas domestic life insurer (collectively the "Three Insurers"). John W. McCarter, Chief Financial Analyst of the Commissioner's Office, appeared and testified on behalf of the Financial Division of the Oklahoma Insurance Department. Bradford A. Phillips, CEO of Liberty Bankers Life and a trustee of Liberty Life Group Trust, Applicant herein, ("Liberty Trust" or "Applicant") appeared to testify as to the information contained in the Form A Acquisition Statement which was the subject of the Hearing.

The Hearing Officer, having reviewed the Form A as amended and supplemented, and all documentation relating thereto, received evidence and being fully advised in the premises, finds as follows:

JURISDICTION

1. That the Oklahoma Insurance Commissioner has jurisdiction of this matter pursuant to the provisions of the Oklahoma Insurance Code, 36 O.S. §§ 1651 et seq., the Oklahoma Administrative Code 365:25-7-20 et seq. and the Administrative Procedures Act, 75 O.S. Section 250 et seq.

2. That the Hearing Examiner was properly appointed pursuant to the provisions of the Administrative Procedures Act, the Oklahoma Administrative Code and the Oklahoma Insurance Code, specifically 36 O.S. 2010 §§ 313 and 319, and Article 16 A of Title 36 in conformance with the applicable statutes and rules and regulations of the Oklahoma Insurance Commissioner.

FINDINGS OF FACT

1. That Liberty Trust filed a Form A Acquisition Statement with the Oklahoma Insurance Commissioner on or about July 21, 2011, for the purpose of receiving approval to control Liberty Bankers Life, an Oklahoma domestic life insurer, American Benefit Life, an Oklahoma domestic life insurer, and The Capitol Life, a Texas domestic life insurer. The Applicant has also requested approval for the change of control of Capitol Life from the Texas Department of Insurance.

2. That on or about August 25, 2011, Liberty Trust filed an Amendment to the Form A informing the Department that several minor typographical errors in the original Form A should be corrected.

3. That on or about September 14, 2011, Liberty Trust filed an Amended Stock Purchase Agreement relating to the acquisition of the Three Insurers. That all of the documents described in Findings of Fact 1 through 3 were tendered to the Hearing Examiner and properly admitted and accepted as Exhibits to the record at the Hearing.

4. That the administrative home address of the Applicant is as follows:

Liberty Life Group Trust
1605 LBJ Freeway, Suite 710
Dallas, Texas 75234

5. That the proposed acquisition of the Three Insurers will be effected pursuant to a purchase by a new intermediate holding company, HGH Group, Inc., from Realty Advisors Management Inc. of all the stock of the Heritage Group Holdings, Inc., the immediate parent of the Three Insurers. HGH Group, Inc. is in turn wholly owned by Liberty Trust.

6. That in conjunction with the purchase, HGH Group, Inc. has executed a stock purchase agreement and a promissory note to Realty Advisors Management Inc., the parent of Heritage Group Holdings, Inc.

7. That post-acquisition, the Three Insurers will continue to be owned one hundred percent (100%) by Heritage Group Holdings, Inc., but HGH Group, Inc. will become the intermediate parent of Heritage Group Holdings, Inc.

8. That at the top of the organizational chart is the ultimate controlling party, Liberty Trust, which is managed and directed by five trustees, for the benefit of the beneficiaries of the Liberty Trust.

9. That Liberty Bankers Life and American Benefit Life have a present statutory home office address of:

1605 LBJ Freeway, Suite 710
Dallas, Texas 75234

10. That the Applicant's future plans for the Three Insurers are to continue their operation and business as it has been in the past, and to retain all of the Three Insurers' current officers and directors.

11. That the Trustees for the Liberty Trust are:

Bradford A. Phillips
Louis Corna
Martha C. Stephens
Ted P. Stokely
Mark E. Bennett

Biographical Affidavits of these individuals were submitted as Exhibits to the Form A, and where necessary verified by a third party verification service prior to the Form A hearing.

13. That the consideration for the purchase of the stock of Heritage Group Holdings, Inc. is a sum in the amount of eighty five million, one hundred fifty one thousand, three hundred and sixty three dollars (\$85,151,363).

14. That testimony at the Form A Hearing and other information submitted by Applicant indicated that none of the Applicant's partners, equity owners, shareholders, officers and/or directors, had ever been the subject of a criminal or regulatory proceeding.

15. That the financial statements of the Applicant's ultimate controlling person, Liberty Trust, were filed with the Oklahoma Insurance Department on or about September 6, 2011.

CONCLUSIONS OF LAW

1. That Applicant has complied with the provisions of the Oklahoma Insurance Holding Company Act, 36 O.S. 2010 §1651 et seq. That the Hearing was held pursuant to the Administrative Procedures Act, 75 O.S. § 250 et seq., the Oklahoma Insurance Code, 36 O.S. § 101 et seq. and the promulgated Rules and Regulations of the Oklahoma Insurance Commissioner.

2. That the Oklahoma Insurance Commissioner has jurisdiction of this matter pursuant to 36 O.S. § 1651 et seq.

3. That the Applicant was given lawful Notice of Hearing on September 8, 2011, setting the date, time, place and location of the Hearing.

4. That Waivers of Notice of Hearing were filed by the Applicant herein. Waivers were also filed by Realty Advisors Management, Inc., ultimate parent of the Three Insurers, all of whom waived notice of the Hearing and receipt of a copy of the Form A filing.

5. That the Hearing was recorded electronically by members of the Oklahoma Insurance Commissioner's staff pursuant to the Administrative Procedures Act.

6. That both the Insurance Commissioner's office and the Applicant attended the Hearing, made arguments, presented testimony and stated that they had nothing further to submit to the Hearing Examiner.

7. That based upon a preponderance of the evidence submitted at the Hearing, the Hearing Officer finds that no evidence was submitted that after the proposed acquisition, Liberty Bankers Life and American Benefit Life, the Oklahoma domestic insurers, would not be able to

satisfy the requirements for the issuance of a license to write the line or lines of business for which it is presently licensed.

8. That no evidence was submitted that the transactions described in the Form A filing would substantially lessen competition or tend to create a monopoly in the State of Oklahoma.

9. That no evidence was submitted that the financial condition of the Applicant was such that it would jeopardize the interests of present or future policyholders of Liberty Bankers Life and American Benefit Life, the Oklahoma domestic insurers.

10. That the terms of the acquisition are fair and reasonable based upon the information contained in the Form A Statement and other materials as filed with the Insurance Commissioner and testified to at the Hearing.

11. That the future plans the Applicant intends for the Oklahoma domestic insurers are fair and reasonable and in the public interest based upon the information contained in the Form A Statement as filed with the Insurance Department and as testified at the Hearing.

12. That no evidence was submitted that the competence, experience and integrity of the persons who will control the Oklahoma domestic insurers are such that the interests of the public, or future policyholders of the Oklahoma domestic insurers, will be affected adversely by the transactions described herein.

ORDER

THEREFORE, no criteria for disapproval specified in 36 O.S.2010 §1653(d) (1) having been found, IT IS HEREBY ORDERED that the Application of Liberty Group Life Trust to acquire Oklahoma domestics Liberty Bankers Life and American Benefit Life is hereby APPROVED effective as of the date of the Hearing.

WITNESS MY HAND and official seal this 7th Day of October, 2011.



JOHN D. DOAK
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

By: *Jason M. Freeman*
Hearing Officer

APPROVED AS TO FORM:

Kelley Callahan
Kelley Callahan, Senior Attorney
Oklahoma Insurance Commissioner's Office


Caroline Scott
Caroline Scott
Casey, Gentz & Bayliff, LLP
Attorney for Applicant

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the foregoing Order was delivered on the 14th
day of October, 2011 to the following:

Stephen Jones
Attorney for Applicant
Jones, Otjen & Davis.
114 E. Broadway, Suite 1100
Enid, Oklahoma 73701

Caroline Scott
Attorney for Applicant
Casey, Gentz & Bayliff, LLP
98 San Jacinto Blvd., Suite 1400
Austin, Texas 78701

A handwritten signature in black ink, appearing to read 'Kelley Callahan', written over a horizontal line.

Kelley Callahan
Senior Attorney