

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

FILED
JAN 13 2014
INSURANCE COMMISSIONER
OKLAHOMA

IN RE: Request for Disclaimer of Control)
By NEAL B. COFFIN)
Relating to WICHITA NATIONAL LIFE)
INSURANCE COMPANY, a Domestic)
Oklahoma Insurer.)

Case No. 14-0042-TRN

**ORDER ALLOWING DISCLAIMER OF CONTROL UPON APPLICANT MEETING
CERTAIN CONDITIONS**

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, and makes the following findings of fact, conclusions of law and orders relating to the request of Neal B. Coffin ("Coffin") to disclaim an interest in Wichita National 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 deemed to have "control" of an Oklahoma domestic insurer if it owns, directly or indirectly, 10% or more of such insurer.

2. The Domestic Insurer is authorized to transact life and accident and health insurance business in the State of Oklahoma pursuant to Certificate of Authority Number 8840 (NAIC CoCode 859451).

FINDINGS OF FACT

1. Neal B. Coffin submitted a request for disclaimer of control of the Domestic Insurer on or about December 9, 2013. As of that date, Coffin represented that he and his spouse owned 12.27% of the stock of the Domestic Insurer; therefore invoking the presumption Coffin has a controlling interest in the Domestic Insurer.

2. Coffin stated in his request that beginning in 1996, the Domestic Insurer has been buying back shares of stock to provide a way for widows and heirs of stockholders to convert their company stock to cash. The program has reduced the number of shares outstanding from 1,509,611 to 605,353 shares. This action, along with Coffin's action of purchasing additional stock over the years, has caused him and his spouse to possess 12.27% of the shares of the Domestic Company.

3. Coffin stated in his request that management of the Domestic Insurer recently advised him that it will likely continue to purchase additional shares under the buy-back program which could cause Coffin to reach 15% ownership of the Domestic Company. Coffin stated that he has never sought to control the Domestic Company and has only come to possess 12.27% of the stock primarily because of the Domestic Company's buy-back of approximately 60% of its shares in the open market. However, Coffin's purchase of additional stock over the years has also caused the current ownership.

4. Coffin requests that for these reason he be exempt from the requirement of filing a Form A with the Oklahoma Insurance Department and be continually exempt from filing a Form A and disclaiming his controlling interest until his controlling ownership percentage reaches or exceeds 20% of the stock of the Domestic Company.

5. Coffin has been a Board Member of the Domestic Company since 1995. His current term expires April 30, 2016. He also has an agency contract with the Domestic Company for the sale of insurance

6. The facts asserted by Coffin that he has never sought to control the Domestic Company and only possesses 12.27% of the stock primarily because the Domestic Company's stock buy-back program -- 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.

7. However, in the instant circumstances where the ownership interest of Coffin has increased primarily indirectly due to the actions of the Domestic Company's management, such facts have greater weight especially when the request is coupled with the conditions the Insurance Commissioner orders below to curb any control function Coffin could exert, should he be so disposed.

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 "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 December 9, 2013, Coffin states he owns, controls or holds a discretionary right to vote 12.27% of the outstanding voting stock of the Domestic Insurer. Coffin suggests he does not intend to change or influence control of the Domestic Insurer, but instead owns shares of the Company for investment purposes only.

5. The Insurance Commissioner finds the Oklahoma statutory presumption of control is and will be rebutted in this circumstance if Coffin now and in the future meets the following conditions:

- a. Does not retain shares of the Domestic Insurer in excess of 15%;
- b. Does not vote, directly or indirectly, or by proxy, more than 15% of the shares of the Domestic Insurer with respect to any matter presented to the shareholders of the Domestic Insurer;
- c. Does not directly purchase any additional shares of the Domestic Insurer;
- d. Does not use any direct or indirect means to cause the direction, or attempt to direct or cause the direction of the management policies of the Domestic Insurer;
- e. Does not propose a director or slate of directors in opposition to a nominee or slate of nominees proposed by the management or the Board of Directors of the Domestic Insurer; and
- f. Does not seek or accept representation on the Board of Directors of the Domestic Insurer subsequent to the current term's expiration on April 30, 2016.

ORDER

IT IS THEREFORE ORDERED that the instant request for disclaimer of control by Coffin with the Domestic Insurer is allowed pursuant to Coffin meeting and continuing to observe the following conditions:

- a. Does not retain shares of the Domestic Insurer in excess of 15%;
- b. Does not vote, directly or indirectly, or by proxy, more than 15% of the shares of the Domestic Insurer with respect to any matter presented to the shareholders of the Domestic Insurer;
- c. Does not directly purchase any additional stock of the Domestic Insurer;
- d. Does not use any direct or indirect means to cause the direction, or attempt to direct or cause the direction of the management policies of the Domestic Insurer;
- e. Does not propose a director or slate of directors in opposition to a nominee or slate of nominees proposed by the management or the Board of Directors of the Domestic Insurer; and
- g. Does not seek or accept representation on the Board of Directors of the Domestic Insurer after the current term expires on April 30, 2016.

WITNESS MY HAND and Official Seal this 13th day of January, 2014.





PAUL WILKENING
First Deputy Insurance Commissioner
Oklahoma Insurance Department

CERTIFICATE OF MAILING

I, Julie Meaders, hereby certify that a true and correct copy of the above and foregoing Order Allowing Disclaimer of Control upon Applicant Meeting Certain Conditions was mailed postage prepaid with return receipt requested on this 13th day of January, 2014 to:

Neal B. Coffin
c/o David B. Coffin
270 Miron Drive, #114
Southlake, TX 76092

Certified Mail No.
7001 0320 0004 4249 5456

and that a copy was delivered to:

Oklahoma Insurance Department Financial and Examination Division

Wichita National Life Insurance Company

Randy Gilliland

711 D Avenue

P.O. Box 1709

Lawton, OK 73502-1709

Certified Mail No.

7001 0320 0004 4249 5463



Julie Meaders

Deputy General Counsel

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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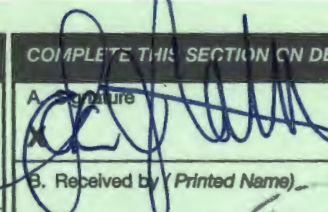
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To
 Street, Apt. No.,
 or PO Box No.
 City, State, ZIP+4

Neal B. Coffin
 c/o David B. Coffin
 270 Miron Drive, #114
 Southlake, TX 76092
 rlg/14-0042-TRN/Order

PS Form 3800, January 2001

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		<p>A. Signature </p> <p><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to: OKLAHOMA</p> <p>Neal B. Coffin c/o David B. Coffin 270 Miron Drive, #114 Southlake, TX 76092 rlg/14-0042-TRN/Order</p>		<p>B. Received by (Printed Name) _____</p> <p>C. Date of Delivery _____</p> <p>D. Is delivery address different from item 1? <input checked="" type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>JAN 24 2014 Legal Division</p>	
<p>2. Article Number (Transfer from service label) 7001 0320 0004 4249 5456</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> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$



Sent To: Wichita National Life Insurance Company
 Randy Gilliland
 711 D Avenue
 P.O. Box 1709
 Lawton, OK 73502-1709
 rlg/14-0042-TRN/Order

PS Form 3800, January 2004

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

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 Randy Gilliland
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 Lawton, OK 73502-1709
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2. Article Number
 (Transfer from service label)

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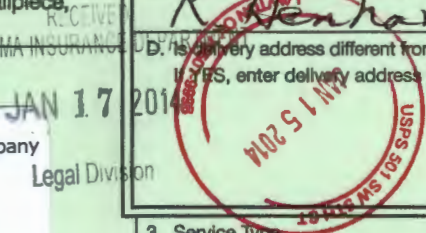
A. Signature Agent
 Randy Gilliland Addressee

B. Received by (Printed Name) *Randy Gilliland* C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If yes, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes



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 JAN 17 2014
 Legal Division

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