

DEPARTMENT OF COMMERCE AND INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

IN RE: Proposed Acquisition of)
Family Benefit Life Insurance Company)
by)
)
Gregg E. Zahn, an individual) **Case No. 1910210992F**
)

APPROVAL ORDER

Based on competent and substantial evidence in the administrative record before me, I, Chlora Lindley-Myers, Director of the Missouri Department of Commerce and Insurance, determine that there is no need for additional proceedings or a formal hearing on this matter and hereby issue the following findings of fact, conclusions of law, and order approving the proposed acquisition in this case:

FINDINGS OF FACT

1. On October 16, 2019, Gregg E. Zahn (“Zahn”) submitted a Form A Statement Regarding the Acquisition of Control of or Merger with Family Benefit Life Insurance Company (“Domestic Insurer”) by Gregg E. Zahn, an individual, to the Missouri Department of Commerce and Insurance (“Department”), Division of Insurance Company Regulation (“Division.”)

2. Based on an initial review, the Division deemed the Form A Application incomplete. On October 24, 2019, the Division so informed Zahn and outlined what items were necessary in order for the Form A Statement to be deemed complete.

3. On October 25 and 30, 2019, Zahn submitted the missing items to the Division, and on October 30, 2019, the Division was able to deem the Form A Statement complete.

4. Following its determination that the Form A Application was complete, the Division began its review of both the Form A Application and the Pre-Acquisition Notification Form E submitted by Zahn on October 25, 2019.

5. The Division’s review revealed that Zahn will indirectly acquire the Domestic Insurer through a recapitalization of First Trinity Financial Corporation (“First Trinity Financial”), an Oklahoma corporation that owns 100% of the capital

stock of Trinity Life Insurance Company (“Trinity Life”). The Domestic Insurer is a wholly-owned subsidiary of Trinity Life.

6. During an October 2, 2019, shareholder meeting of First Trinity Financial, the shareholders approved amendments to the Amended Certificate of Incorporation of First Trinity Financial that increased the number of authorized shares of its common stock from 20,000,000 to 50,000,000, divided into 40,000,000 of Class A Common Stock and 10,000,000 shares of Class B Common Stock and further approved the reclassification and conversion of each share of Common Stock of First Trinity Financial into one share of Class A Common Stock or one share of Class B Common Stock.

7. In addition, Zahn has elected to convert 100,000 shares of the shares of Common Stock he holds in First Trinity Financial into 100,000 shares of the Class B Common Stock, which will be a majority of the outstanding Class B Common Stock.

8. Under the approved amendments to the Amended Certificate of Incorporation, the Class B Common Stock will be entitled to elect a simple majority of the Board of Directors and vote as a class on any merger, consolidation, liquidation, recapitalization, or sale of assets of First Trinity Financial, among other things.

9. Consequently, Zahn's acquisition of a majority of the Class B Common Stock of First Trinity Financial will result in him having control over First Trinity Financial and, through that, control over Family Benefit.

10. Zahn is and has been a member of the First Trinity Financial Board of Directors since its inception in 2004. He is President, Chief Executive Officer and Chairman of the First Trinity Financial Board. He has been President and Chief Executive Officer since 2007 and became Chairman in 2011. He is President, Chief Executive Officer, Chairman and Director of Trinity Life and First Trinity Capital Corporation. In December 2011, he became Chairman, Chief Executive Officer and Director of Family Benefit.

11. Following the acquisition, Family Benefit will continue to maintain its separate corporate existence.

12. On November 11, 2019, at the Division's request, Zahn submitted a post-acquisition organizational chart for First Trinity Financial outlining the corporate relationship among various affiliated companies over which Zahn is the ultimate controlling person.

13. Zahn has no current plans to liquidate the Domestic Insurer, sell any of its assets, consolidate or merge it with any other person, or make any other material change in the business or corporate structure or management of the Domestic Insurer.

14. Family Benefit is in the life insurance market in the state of Missouri and has an insignificant market share of that market. Trinity Life is not licensed to sell insurance in Missouri. Consequently, the acquisition of Family Benefit by Zahn will not substantially lessen competition or tend to create a monopoly in insurance in Missouri.

15. The current financial strength of Zahn appears to be stable.

CONCLUSIONS OF LAW

16. Section 382.040.1, RSMo¹ provides:

No person other than the issuer shall commence a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities for, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, he or she would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of the insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer unless, at the time the offer, request, or invitation is commenced or the agreement is entered into, or prior to the acquisition of the securities if no offer or agreement is involved, he or she has filed with the director and has sent to the insurer a statement containing the information required by section 382.050 and the offer, request, invitation, agreement or acquisition has been approved by the director in the manner prescribed by sections 382.010 to 382.300.

¹ All statutory references are to the RSMo 2016.

17. Section 382.060 provides, in relevant part, that “[t]he director shall approve any merger or other acquisition of control referred to in section 382.040 unless after a public hearing the director” finds certain adverse conditions or consequences related to a merger or acquisition.

18. After a review of the Form A and Form E, and all the Exhibits, pursuant to Section 382.060, the Director fails to find that:

- a. after the proposed acquisition, the Domestic Insurer would not be able to satisfy the requirements for issuance of a license to write the line or lines of insurance for which it is presently licensed;
- b. the effect of the acquisition would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein;
- c. the financial condition of Zahn is such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders;
- d. any plans or proposals by Zahn to liquidate the Domestic Insurer, sell any of its assets, consolidate or merge it with any other person, or make any other material change in the business or corporate structure or management of the Domestic Insurer are

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- unfair and unreasonable to its policyholders and contrary to the public interest;
- e. the competence, experience, or integrity of the persons who would control or manage the Domestic Insurer post-acquisition are such that it would be contrary to the interest of policyholders and the general public to permit the acquisition; or
 - f. the acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

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ORDER

19. Based on the foregoing Findings of Fact and Conclusions of Law, it is hereby Ordered that the proposed acquisition of Family Benefit Life Insurance Company by Gregg E. Zahn as set out in the Form A Application and clarified in the November 14, 2019, and December 10, 2019, Responses to the Division's November 7, 2019, and November 27, 2019, Comment Letters, is approved. Pursuant to § 382.120, RSMo, the Form B is due fifteen days following the end of the month in which the acquisition of Family Benefit Life Insurance Company by Gregg E. Zahn as set out in the Form A Application closes.

SO ORDERED.

WITNESS MY HAND THIS 31st DAY OF December, 2019.)

Chlora Lindley-Myers
CHLORA LINDLEY-MYERS
DIRECTOR



NOTICE

TO: Applicant and any unnamed persons aggrieved by this Order:

You may request a hearing in this matter. You may do so by filing a complaint with the Administrative Hearing Commission of Missouri, P.O. Box 1557, Jefferson City, Missouri, within 30 days after the mailing of this notice pursuant to Section 621.120, RSMo. Pursuant to 1 CSR 15-3.290, unless you send your complaint by registered or certified mail, it will not be considered filed until the Administrative Hearing Commission receives it.

CERTIFICATE OF SERVICE


I hereby certify that on this 2nd day of January, 2020, a copy of the foregoing Order and Notice was served upon the Applicant in this matter by UPS, signature required, at the following address:

Gregg E. Zahn
7633 East 63rd Place, Suite 730
Tulsa, Oklahoma 74133
Attn.: Jay H. Wagner, Vice President and
Counsel

Tracking No. 1Z0R15W84291827601

With a copy to:

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