

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Wilton Reassurance	:	Holding Companies Act, Article
Company in Support of the Request for	:	XIV of the Insurance Company
Approval to Merge Keystone State Life	:	Law of 1921, Act of May 17, 1921,
Insurance Company with and into Wilton	:	P.L. 682, <u>as amended</u> , 40 P.S.
Reassurance Life Company of New York	:	§§991.1401, 991.1402, and
in a Transaction Exempt from the	:	991.1403; Sections 1921 through
Requirements of 40 P.S. §991.1402	:	1929 of the 1988 Business
	:	Corporation Law, Act of
	:	December 21, 1988, P.L. 1444, No.
	:	177, <u>as amended</u> , 15 Pa. C.S.
	:	§§1921-1928; Sections 205 and 207
	:	of the GAA Amendments Act of
	:	1990, Act of December 19, 1990,
	:	P.L. 834, No. 198, <u>as amended</u> , 15
	:	P.S. §§21205 and 21207.
	:	
	:	Order No. ID-RC-07-33

DECISION AND ORDER

AND NOW, on this 4th day of October, 2007, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act, the 1988 Business Corporation Law and the GAA Amendments Act of 1990, and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Deputy Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Entities

1. Keystone State Life Insurance Company (“Keystone State”) is a domestic stock life insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Wilton, Connecticut.

2. Wilton Reassurance Life Company of New York (“Wilton Re NY”) is a stock life insurance company organized under the laws of the state of New York with its principal place of business in Rye Brook, New York.
3. Wilton Reassurance Company (“Wilton Reassurance – MN”) is a life insurance company organized under the laws of the state of Minnesota with its principal place of business in Wilton, Connecticut. Wilton Reassurance – MN directly holds 100% of the issued and outstanding voting stock of Keystone State and Wilton Re NY.
4. Wilton Re U.S. Holdings, Inc. is an insurance holding company organized under the laws of the state of Delaware with its principal place of business in Wilton, Connecticut. Wilton Re directly holds 100% of the issued and outstanding voting stock of Wilton Reassurance – MN.
5. Wilton Re Holdings Limited is an insurance holding company organized under the laws of Bermuda with its principal place of business located in Hamilton, Bermuda. Wilton Re Holdings directly holds 100% of the issued and outstanding voting stock of Wilton Re.

Filing of the Application

6. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all mergers or other acquisitions of control of domestic insurers must be filed with the Department for approval or disapproval.
7. Section 1402 (g) of the Insurance Holding Companies Act provides for exemption from the requirements of Section 1402:
 - a. if the merger does not have the effect of changing or influencing the control of a domestic insurer, or
 - b. if the transaction is otherwise not comprehended within the purposes of Section 1402.
8. The 1988 Business Corporation Law, Act of December 21, 1988, P.L. 1444, as amended, Sections 1921 through 1929, 15 Pa. C.S. §§1921 through 1929 (“1988 BCL”), and the GAA Amendments Act of 1990, P.L. 834, No. 198, as amended, 15 P.S. §§21205, 21207 (“GAA Amendments Act”), provide that all plans of merger of domestic insurers must be filed with the Department for approval or disapproval.
9. On September 11, 2007, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial application (which together with

all material received subsequently is collectively referenced as “Application”) from Wilton Reassurance - MN requesting approval to merge Keystone State with and into Wilton Re NY, with Wilton Re NY being the survivor.

10. The Application was filed with the Department pursuant to Section 1402(g) of the Insurance Holding Companies Act and Section 205 of the GAA Amendments Act.

The Transaction

11. Keystone State and Wilton Re NY executed an Agreement and Plan of Merger dated as of July 2, 2007, (“Merger Agreement”) which provides for Keystone State to merge with and into Wilton Re NY, with Wilton Re NY being the surviving corporation.
12. As described in the Application, the Merger Agreement has been adopted by the Board of Directors of Keystone State on July 2, 2007, in satisfaction of the requirements of Section 1924(b) of the 1988 BCL.
13. As described in the Application, the Merger Agreement has been adopted by Wilton Reassurance - MN, the sole shareholder of Keystone State, on July 2, 2007.
14. As described in the Application, the Merger Agreement has been adopted by the Board of Directors of Wilton Re NY on July 2, 2007, in satisfaction of the requirements of Section 1924(b) of the 1988 BCL.
15. As described in the Application, the Merger Agreement has been adopted by Wilton Reassurance - MN, the sole shareholder of Wilton Re NY, on July 2, 2007.
16. As described in the Application, upon the effective date each share of common stock of Keystone State issued and outstanding immediately prior to the effective date of the merger shall be surrendered and cancelled.
17. As described in the Application, upon the effective date each share of Wilton Re NY common stock issued and outstanding immediately prior to the effective date shall be converted into and become one validly issued, fully paid and nonassessable share of common stock of post-merger Wilton Re NY.
18. As described in the Application, at the effective date, the Articles of Incorporation and By-Laws of Wilton Re NY in effect at the effective date, shall be the Articles of Incorporation and By-Laws of Wilton Re NY after the merger.
19. As described in the Application, the members of the board of directors and the officers of Wilton Re NY at the effective date shall be the members of the board

- of directors and the officers of Wilton Re NY after the merger.
20. As described in the Application, Wilton Re NY shall thenceforth be responsible and liable for all the liabilities and obligations of Keystone State.
 21. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

CONCLUSIONS OF LAW

1. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the merger of Keystone State and Wilton Re NY.
2. Under Section 1402(g) of the Insurance Holding Companies Act, the Department shall exempt a merger from the requirements of Section 1402 if the merger does not have the effect of changing or influencing the control of a domestic insurer.
3. Pursuant to Section 1402(g) of the Insurance Holding Companies Act, the Deputy Commissioner concludes that the proposed merger does not change the ultimate controlling person of the parties to the merger and, therefore, is exempt from the requirements of the Insurance Holding Companies Act.
4. The Deputy Commissioner concludes that the preparation of the Merger Agreement, pertaining to the terms and conditions, satisfies the requirements of Section 1922 of the 1988 BCL.
5. The Deputy Commissioner concludes that the Merger Agreement satisfies the requirements of Section 1924 as it has been adopted by the shareholder of Keystone State and by the Board of Directors of Keystone State.
6. The Deputy Commissioner concludes that the Articles of Merger will satisfy the requirements of Section 1926 of the 1988 BCL.
7. The Deputy Commissioner concludes that the Merger Agreement will be effective upon proper filing of Articles of Merger with the Pennsylvania Department of State pursuant to Sections 1927 and 1928 of the 1988 BCL.
8. The Deputy Commissioner concludes that, if the proposed merger is consummated, all the rights, privileges, immunities, powers and purposes of Keystone State will be conveyed to the surviving entity, as a matter of law, pursuant to Section 1929 of the 1988 BCL.
9. Pursuant to Section 205(b) of the GAA Amendments Act, the Deputy Commissioner, concludes that the terms and conditions of the proposed merger are fair and that the proposed merger is in accordance with law and not injurious to the interests of the policyholders and creditors.
10. The Application satisfies the requirements of the Insurance Holding Companies Act, the 1988 BCL and the GAA Amendments Act.
11. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

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Exempt from the Requirements of 40 P.S.	:	991.1403; Sections 1921 through
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	:	Corporation Law, Act of
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	:	P.S. §§21205 and 21207.
	:	
	:	Order No. ID-RC-07-33

ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”) hereby approves the application of Wilton Reassurance Company requesting approval of the merger of Keystone State Life Insurance Company with and into Wilton Reassurance Life Company of New York subject to the following conditions:

1. A copy of the Articles of Merger shall be filed with the Deputy Commissioner not later than ten (10) days after their filing with the Pennsylvania Department of State.
2. This transaction may be recorded as effective for accounting purpose as of the first day of the calendar quarter in which the merger is consummated.

This Order is effective immediately.

STEPHEN J. JOHNSON
Deputy Insurance Commissioner
Commonwealth of Pennsylvania