

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402, and  
: 1403 of the Insurance Holding  
Application in Support of the Request : Companies Act, Article XIV of the  
for Approval to Merge American : Insurance Company Law of 1921, Act of  
General Life Insurance Company of : May 17, 1921, P.L. 682, as amended, 40  
Pennsylvania with and into American : P.S. §§991.1401, 991.1402, and  
General Assurance Company with : 991.1403; Sections 1921 through  
American General Assurance Company : 1929 of the 1988 Business Corporation  
Being the Survivor in a Transaction : Law, Act of December 21, 1988, P.L.  
Exempt from the Requirements of 40 : 1444, No. 177, as amended, 15 Pa. C.S.  
P.S. §991.1402 : §§1921-1928; Sections 205 and 207 of  
: the GAA Amendments Act of 1990, Act  
: of December 19, 1990, P.L. 834, No.  
: 198, as amended, 15 P.S. §§21205 and  
: 21207.  
:  
: Order No. ID-RC-02-22

DECISION AND ORDER

AND NOW, on this 30th day of September, 2002, 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. American General Life Insurance Company of Pennsylvania (“AGPA”) is a domestic stock life insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Neptune, New Jersey.
2. American General Assurance Company (“AGAC”) is an admitted foreign stock life insurance company organized under the laws of the State of Illinois with its principal place of business in Schaumburg, Illinois.
3. American General Corporation (“AGC”) is an insurance holding company organized pursuant to the laws of the State of Texas with its principal place of business in Houston, Texas. AGPA and AGAC are direct wholly-owned subsidiaries of AGC.

### Filing of the Application

4. 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.
5. 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.
6. 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, Sections 205 and 207, 15 P.S. §§21205 and 21207 (“GAA Amendments Act”), provide that all plans of merger of domestic insurers must be filed with the Department for approval or disapproval.
7. On July 29, 2002, 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”)

requesting approval to merge AGPA with and into AGAC, with AGAC being the survivor.

8. 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.

#### Notice and Filing of Comments

9. On August 24, 2002, the Department published notice in the Pennsylvania Bulletin that the Application had been received and such notice invited interested persons to submit comments to the Department regarding the Application for a 30-day period, ending September 23, 2002.
10. During the 30-day public comment period, the Department received no comments regarding the Application.

#### The Transaction

11. AGPA and AGAC executed an Agreement and Plan of Merger dated as of July 19, 2002 (“Merger Agreement”), which provides for AGPA to merge with and into AGAC, with AGAC being the surviving corporation.
12. As described in the Application, the Merger Agreement has been adopted by written consent of the Board of Directors of:
  - a) AGC on July 15, 2002;
  - b) AGAC on July 12, 2002; and,
  - c) AGPA on July 15, 2002.
13. As described in the Application, upon the effective date each share of common stock of AGPA issued and outstanding immediately prior to the effective date of the merger shall, by virtue of the Merger Agreement and without any action on the part of the holder thereof, thereupon be canceled.
14. As described in the Application, upon the effective date each share of AGAC common stock issued and outstanding immediately prior to the effective date shall continue to represent one issued share of common stock of AGAC.
15. As described in the Application, at the effective date, the Articles of Incorporation and By-Laws of AGAC in effect at the effective date shall be the Articles of Incorporation and By-Laws of AGAC after the merger.

16. As described in the Application, the members of the board of directors and the officers of AGAC at the effective date shall be the members of the board of directors and the officers of AGAC after the merger.
17. As described in the Application, AGAC shall thenceforth be responsible and liable for all the liabilities and obligations of AGPA.
18. AGAC is currently licensed in all states in which AGPA is licensed.
19. As described in the Application, upon completion of the proposed merger, AGAC will remain a direct wholly-owned subsidiary of AGC.
20. 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 AGPA and AGAC.
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 of the 1988 BCL as it has been adopted by the sole shareholder of AGPA and AGAC and by the Board of Directors of AGPA and AGAC.
6. The Deputy Commissioner concludes that the Merger Agreement satisfies the requirements of Section 1925 of the 1988 BCL because the Merger Agreement is subject to the approval of the insurance department of the state of domicile of AGAC.

7. The Deputy Commissioner concludes that the Articles of Merger will satisfy the requirements of Section 1926 of the 1988 BCL.
8. The Deputy Commissioner concludes that the Merger Agreement will be effective on or after proper filing of Articles of Merger with the Department of State pursuant to Sections 1927 and 1928 of the 1988 BCL.
9. The Deputy Commissioner concludes that, if the proposed merger is consummated, all the rights, privileges, immunities, powers and purposes of AGPA will be conveyed to the surviving entity, as a matter of law, pursuant to Section 1929 of the 1988 BCL.
10. 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.
11. The Application satisfies the requirements of the Insurance Holding Companies Act, the 1988 BCL and the GAA Amendments Act.
12. 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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: as amended, 15 P.S. §§21205 and 21207.  
:  
: Order No. ID-RC-02-22

ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”) hereby approves the application requesting approval of the merger of American General Life Insurance Company of Pennsylvania (“AGPA”) with and into American General Assurance Company (“AGAC”) subject to the following conditions:

1. An approving determination must be granted by the Illinois Department of Insurance before Articles of Merger are filed with the Pennsylvania Department of State. A certified copy of the approval issued by the Illinois Director of Insurance shall be provided to the Deputy Commissioner within three (3) business days of receipt by AGAC.

2. 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.

This Order is effective immediately.

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STEPHEN J. JOHNSON  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania