

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of The Phoenix Companies,	:	Holding Companies Act, Article
Inc. Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 for	:	Law of 1921, Act of May 17, 1921,
the Acquisition of Common Stock of	:	P.L. 682, <u>as amended</u> , 40 P.S.
PFG Holdings, Inc., Parent of AGL Life	:	§§991.1401, 991.1402, and
Assurance Company, from	:	991.1403
John K. Hillman	:	
	:	Order No. ID-RC-03-16

DECISION AND ORDER

AND NOW, on this 11<sup>th</sup> day of April 2003, 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 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 Parties

1. AGL Life Assurance Company (“AGL Life”) is a stock life insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Plymouth Meeting, Pennsylvania.
2. PFG Holdings, Inc. (“PFG Holdings”) is a holding company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Plymouth Meeting, Pennsylvania. PFG Holdings directly holds 100% of the voting stock of AGL Life.

3. The Phoenix Companies, Inc. (“Phoenix Companies”) is a holding company organized pursuant to the laws of the State of Delaware with its principal place of business located in Hartford, Connecticut.
4. Phoenix Companies indirectly holds 5,000 shares of convertible voting preferred stock of PFG Holdings, which represents 67% of the voting stock of PFG Holdings.
5. Phoenix Companies is an ultimate controlling person of AGL Life. No person holds or owns 10% or more of any class of voting stock of Phoenix Companies.
6. John K. Hillman (“Mr. Hillman”), an individual, holds 1,500 shares of common stock of PFG Holdings, which represents 20% of the voting stock of PFG Holdings. Mr. Hillman is an ultimate controlling person of AGL Life.

#### Filing of the Request

7. On March 25, 2003, the Pennsylvania Insurance Department (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from Phoenix Companies for approval to directly acquire the 1,500 shares of common stock of PFG Holdings held by Mr. Hillman.
8. 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 changes in control of domestic insurers must be filed with the Department for approval or disapproval.
9. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
10. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction does not:
  - a. have the effect of changing or influencing the control of a domestic insurer,  
or
  - b. is otherwise not comprehended within the purposes of the section.

#### The Transaction

11. As described in the Request, Phoenix Companies will directly acquire 1,500 shares of PFG Holdings Common Stock from Mr. Hillman.

12. As described in the Request, Phoenix Companies will remain an ultimate controlling person of AGL Life.
13. The Deputy Commissioner finds that the transaction described in the Request does not have the effect of changing or influencing the control of a domestic insurer.
14. 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 acquisition of controlling securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Request was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
3. The acquisition of common stock proposed in the Request does not have the effect of changing or influencing the control of a domestic insurer within the purposes of the section, and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
4. 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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ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania, hereby makes the following Order:

An approving determination for the application of The Phoenix Companies, Inc. requesting exemption from the requirements of 40 P.S. §991.1402(b) for the acquisition of common stock of PFG Holdings, Inc. from John K. Hillman, as set forth in the Request, is hereby granted.

This Order is effective immediately and valid for one year from the date of signature, provided there are no significant changes from the Request.

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STEPHEN J. JOHNSON  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation