



**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE  
OF THE STATE OF TENNESSEE**

**IN THE MATTER OF:** )  
 )  
**THE ACQUISITION OF** ) **No.: 19-150**  
**K-TENN INSURANCE COMPANY** )  
**BY FIRST TRINITY FINANCIAL CORPORATION AND** )  
**MERGER WITH TRINITY LIFE INSURANCE COMPANY** )

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**ORDER APPROVING PLAN OF ACQUISITION AND MERGER**

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On the 16th day of December, 2019, a public hearing was held before the Commissioner of the Tennessee Department of Commerce and Insurance of the State of Tennessee (the "Commissioner") to consider the proposed Forms A and E filed by First Trinity Financial Corporation ("First Trinity") to acquire control of K-TENN Insurance Company ("K-TENN"), and to subsequently merge K-TENN with Trinity Life Insurance Company ("Trinity Life"), a subsidiary of First Trinity.

These Findings of Fact and Conclusions of Law are issued based on the Forms A and E, as filed and supplemented with the Tennessee Department of Commerce and Insurance (the "Department"), and the record of the public hearing.

**FINDINGS OF FACT**

1. Mr. Reid Godbolt ("Mr. Godbolt"), counsel for First Trinity, filed a Motion Requesting Authorization for Mr. Godbolt to Participate in Proceeding as Counsel for Applicant in compliance with Tenn. Sup. Ct. R. 19.

2. Mr. Ben Whitehouse (“Mr. Whitehouse”), counsel for K-TENN, filed a written waiver for consent to joint representation of both K-TENN and First Trinity, which was entered as an exhibit.

3. K-TENN is a licensed insurance company domiciled in Tennessee.

4. K-TENN is a wholly owned subsidiary of K-TENN Capital, Inc.

5. First Trinity was incorporated in Oklahoma on April 19, 2004, for the primary purpose of organizing a life insurance subsidiary. First Trinity is a holding company for Trinity Life.

6. Trinity Life is primarily engaged in the business of marketing, underwriting, and distributing a broad range of individual life insurance and annuity products to individuals.

7. First Trinity filed a Form A and a Form E (Pre-Acquisition Notification) with the Department on October 17, 2019. The Form A and Form E filings (as supplemented after filing) relate to the proposed acquisition of control of K-TENN, and the merger of K-TENN with Trinity Life.

8. The Form A and Form E filings were deemed complete on November 26, 2019.

9. Notice of the public hearing was provided to First Trinity via email on November 26, 2019.

10. Notice of the public hearing was provided to K-TENN on December 3, 2019, which was more than seven (7) days prior to the public hearing, meeting the requirements of Tenn. Code Ann. § 56-11-103(d)(2).

11. The public hearing was held on December 16, 2019, which was less than thirty (30) days after the Form A and Form E filings were deemed complete, meeting the requirements of Tenn. Code Ann. § 56-11-103(d)(2).

12. Mr. Greg Zahn, President and Chief Executive Officer at First Trinity, testified regarding the Form A and Form E filings.

13. Mr. David Foley, President and Chief Executive Officer of K-TENN, testified regarding the Form A and Form E filings.

14. Mr. Hui Wattanaskolpant, Assistant Director of Financial Affairs for Insurance at the Department, testified regarding the analysis performed by the Department's staff of the Form A and Form E filings pursuant to Tenn. Code Ann. § 56-11-103.

15. Other than those set forth above, no other witnesses testified.

16. On or shortly after the effective date of the acquisition, K-TENN will merge with and into Trinity Life after required shareholder approval is received.

17. The Applicant has filed with the Commissioner all the materials contemplated and required for the acquisition and merger by Tenn. Code Ann. § 56-11-103.

18. After the acquisition has been consummated, K-TENN will continue to satisfy all requirements for the issuance of a license to engage in the activities for which they are presently licensed.

19. The effect of the acquisition will not substantially lessen competition in insurance in this state or tend to create a monopoly in this state.

20. Upon consummation of the acquisition, the financial condition of First Trinity will not jeopardize the financial stability of K-TENN or prejudice the interests of K-TENN's policyholders.

21. Other than the applied merger, First Trinity has no plans or proposals to liquidate K-TENN, sell its assets or consolidate or merge it with any person, or make any other material change in its respective business or corporate structure or management that is unfair or unreasonable to the policyholders of K-TENN or is not in the public interest.

22. The competence, experience, and integrity of those persons who would control the operation of K-TENN following consummation of the acquisition and merger are not such that it would be against the interest of the policyholders of K-TENN and of the public to permit the acquisition of control or merger.

23. The acquisition of K-TENN by First Trinity is not likely to be hazardous or prejudicial to the insurance buying public.

24. After K-TENN merges with and into Trinity Life, the standards, as stated in Paragraphs 18-23 above, will continue to be satisfied.

#### **CONCLUSIONS OF LAW**

Tenn. Code Ann. § 56-11-103(d)(1) provides that “[t]he [C]ommissioner shall approve any merger or other acquisition of control [of a domestic insurer] . . . unless, after a public hearing, the [C]ommissioner finds that:

- (A) After the change of control, the domestic insurer . . . would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

- (B) The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly in this state. In applying the competitive standard in this subdivision (d)(1)(B):
  - (i) The informational requirements of § 56-11-104(c)(1) and the standards of § 56-11-104(d)(2) shall apply;
  - (ii) The merger or other acquisition shall not be disapproved if the [C]ommissioner finds that any of the situations meeting the criteria provided by § 56-11-104(d)(3) exist; and
  - (iii) The [C]ommissioner may condition the approval of the merger or other acquisition on the removal of the basis of disapproval within a specified period of time;
- (C) The financial condition of any acquiring party is such that it might jeopardize the financial stability of the [domestic] insurer, or prejudice the interest of its policyholders;
- (D) The plans or proposals that the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the [domestic] insurer and not in the public interest;
- (E) The competence, experience and integrity of those persons who would control the operation of the [domestic] insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or
- (F) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.

Applying the standards delineated in Tenn. Code Ann. § 56-11-103(d)(1)(A)-(F) to the acquisition and merger, as established by the testimony at the public hearing and the filings made in this matter, the Findings of Fact contained herein, and the record taken as a whole, the acquisition and merger meet the statutory standards for approval by the Commissioner.

**ORDER**

Accordingly, based upon the above Findings of Fact and Conclusions of Law, it is hereby **ORDERED** that:

1. The Motion for Mr. Godbolt to Participate in Proceeding as Counsel for Applicant in compliance with Tenn. Sup. Ct. R. 19 is **GRANTED**.
2. The Form A and Form E filings, as supplemented by First Trinity, to acquire K-TENN is **APPROVED**.
3. The proposed merger of K-TENN with and into Trinity Life is **APPROVED**, subject to shareholder approval. Additionally, if K-TENN has not merged with and into Trinity Life by December 31, 2019, First Trinity shall contribute capital as needed to ensure K-TENN's continued compliance with Tennessee's minimum capital and surplus requirements.

**ENTERED AND EXECUTED** this 20 day of December, 2019.



Hodgen Mainda, Commissioner  
State of Tennessee  
Department of Commerce and Insurance

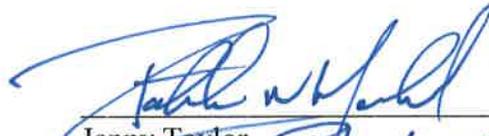
**APPROVED FOR ENTRY AND EXECUTION:**

   
by *David H. Hall*  
*at permissi-*

Jenny Taylor (BPR #027264)  
Associate General Counsel and Supervising Attorney  
Department of Commerce and Insurance  
Davy Crockett Tower  
500 James Robertson Parkway  
Nashville, Tennessee 37243  
615-741-2325  
Jenny.Taylor@tn.gov

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing Order Approving Plan of Acquisition and Merger has been sent via email to First Trinity Life Insurance Company's attorney Reid Godbolt at [rgodbolt@joneskeller.com](mailto:rgodbolt@joneskeller.com) and K-TENN's attorney Ben Whitehouse at [Ben.Whitehouse@butlersnow.com](mailto:Ben.Whitehouse@butlersnow.com) on this 25<sup>th</sup> day of December, 2019.

  
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Jenny Taylor 