

**IN THE CIRCUIT COURT OF COLE COUNTY
STATE OF MISSOURI**

JOHN M. HUFF, DIRECTOR)
DEPARTMENT OF INSURANCE, FINANCIAL)
INSTITUTIONS AND PROFESSIONAL)
REGISTRATION OF THE STATE OF MISSOURI.)

Plaintiff,)

v.)

NATIONAL STATES INSURANCE COMPANY)

Defendant.)

Case No.: 10AC-CC00219

ORDER

Now on this 8th day of October, 2010, John M. Huff, Director, Department of Insurance, Financial Institutions and Professional Registration of the State of Missouri, in his capacity as Rehabilitator (“Rehabilitator”) of National States Insurance Company (“National States”), appears by and through counsel, Bruce E. Baty and Jodi M. Hoss, upon his “Motion to Approve Assumption and Indemnity Reinsurance Agreement (the “Assumption Agreement”)” between National States and North American Insurance Company (“North American”) and Oxford Life Insurance Company (“Oxford Life) (unless otherwise indicated, North American and Oxford Life shall be referred to collectively herein as the “Reinsurer”), pursuant to Mo. Rev. Stat. § 375.1168.2 (2000). The Court, being well and sufficiently advised in the premises, finds and concludes as follows:

THE COURT FINDS:

1. On April 1, 2010, this Court granted plaintiff’s Petition for Rehabilitation, and appointed John M. Huff, the Director of the Missouri Department of Insurance, as Rehabilitator of National States.

2. After entry of the Judgment of Rehabilitation on April 1, 2010, the Rehabilitator appointed Bruce Baty to be the Special Deputy Receiver (“SDR”) for National States.

3. Under the Insurers Supervision, Rehabilitation and Liquidation Act, Mo. Rev. Stat. §§ 375.1150 *et seq.*, the Rehabilitator “may take such action as he deems necessary or appropriate to reform and revitalize the insurer.” Mo. Rev. Stat. § 375.1168.2.

4. North American and Oxford Life are affiliated life, accident & health insurance companies, with North American domiciled in the state of Wisconsin and Oxford Life domiciled in the state of Arizona.

5. For the reasons set forth below, this Court approves the Assumption Agreement.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

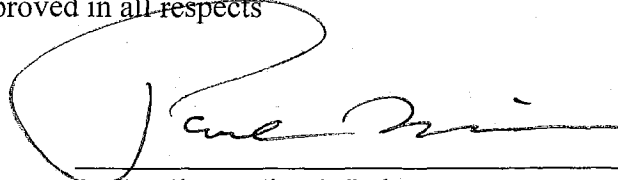
1. The Assumption Agreement is fair and reasonable to National States, its policyholders and creditors;

2. The Producer Agreements are reformed and the commission rates are reduced by 25%. Producers will receive 75% of the original Producer commission rates. The Reinsurer will pay the commissions at the reformed rate from and after the Effective Date;

3. The Assumption and Indemnity Reinsurance Agreement and the Administrative Services Agreement, and the closing and implementation of the transactions contemplated thereby, is approved in the form submitted

4. Upon the entry of an order of liquidation against National States, the cut-through clause in the Assumption Agreement will operate to transfer the Policies to the Reinsurer by novation, such that the Reinsurer shall become directly liable to the policyholders and National States will be fully and completely discharged from any and all obligations under the Policies; and

5. The conduct and actions of the Rehabilitator, his SDR, employees, agents and counsel in connection with the Assumption Agreement and reformation of the Producer Agreements is hereby affirmed and approved in all respects



Paul Wilson, Circuit Judge
Division II

STATE OF MISSOURI }
COUNTY OF COLE } SS

I, BRENDA A. UMSTATTD, Clerk of the Circuit Court of Cole County, Missouri, hereby certify that the above and foregoing is a full true and correct copy of

Order

as fully as the same remains of record in my said office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my said office this 8 day of Oct 10,
BRENDA A. UMSTATTD, Clerk

Deputy Clerk
Circuit Court of Cole County, Missouri

