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FILED

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2013 MAR 19 7:08 AM
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March 15, 2013

Hearings Unit, DIC
Pamela D. Peterson
Chief Hearing Officer

VIA EMAIL AND FIRST CLASS MAIL

Ms. Kelly Cairns
Office of Insurance Commissioner
Hearings Unit
P. O. Box 40255
Olympia, WA 98504-0255

Re: *In the Matter of the Acquisition of Control of Western United Life Assurance Company by Central United Life Insurance Company*; Case No. 13-0033

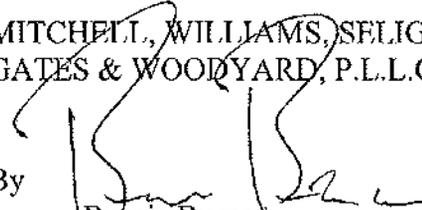
Dear Ms. Cairns:

Enclosed for filing on behalf of Central United Life Insurance Company, please find the Notice of Appearance, Applicant's Opening Statement, Applicant's Closing Statement and the Pre-Filed Testimony of Daniel George in the above-styled case.

By copy of this letter I have forwarded copies of same to all counsel of record. Thank you for your assistance in this matter.

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, P.L.L.C.

By

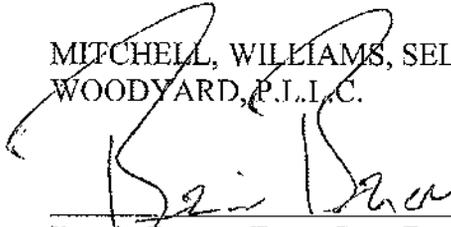

Burnie Burner

BB/dp
Enclosures

cc: (via E-mail w/enclosures)
Mr. Alex Cochran
Mr. Don Kelley
Ms. Robin Aronson
Mr. Ronald Pastuch

DATED: March 13, 2013

MITCHELL, WILLIAMS, SELIG, GATES &
WOODYARD, P.L.L.C.

A large, stylized handwritten signature in black ink, appearing to read "Burnic Burner". The signature is written over a horizontal line.

Burnic Burner, Texas State Bar # 03425700
Ark Monroe, Arkansas State Bar #67041
Attorneys for Western United Life Assurance
Company

CERTIFICATE OF SERVICE

I, Burnie Burner, do hereby certify that a copy of the foregoing was sent via email and U.S. Mail on this 15 day of March 2013, to the following:

Alex Cochran
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919 Third Avenue
New York, NY 10022
arcochra@debevoise.com

Don Kelley
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Company Supervision Division
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Burnie Burner

and determined that it is a complete filing within the meaning of RCW 48.31B.015 and all other legal requirements.

III. RELIEF REQUESTED

The standards for the review of this application are contained in RCW 48.31B.015(4). Central United has submitted the Pre-filed Direct Written Testimony of Daniel George, President of Central United, to address those standards, the transaction and the additional information provided in the Form A and supplemental information.

Mr. George's testimony describes the operations of Central United, and its affiliates, the financial condition of Central United and the future plans for Western United.

Mr. George's testimony also specifically addresses each of the six standards contained in RCW 48.31B.015(4). In short, this testimony establishes that the proposed transaction does not violate any of the six standards for review outlined in RCS 48.31B.015(4).

We anticipate that testimony offered on behalf of the OIC will attest to the completeness of the Form A and the supplemental response and the absence of any statutory or other basis for disapproval.

Pre-filed written testimony from Western United also supports a conclusion that the evidence does not support a determination that the proposed transaction violates any of the six statutory standards for review contained in RCW 48.31B.015(4).

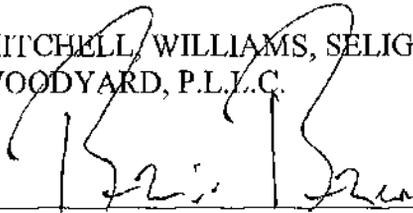
IV. CONCLUSION

We believe the testimony and documentary evidence from the Office of the Insurance Commissioner, Central United and Western United will demonstrate, without exception, that the evidence does not support a determination that proposed transaction violates any of the six

statutory standards for review contained in RCW 48.31B.015(4), and the acquisition of control of Western United should be approved.

DATED: March 12, 2013

MITCHELL, WILLIAMS, SELIG, GATES &
WOODYARD, P.L.L.C.



Burnie Burner, Texas State Bar # 03425700
Ark Monroe, Arkansas State Bar #67041
Attorneys for Central United Life Insurance
Company

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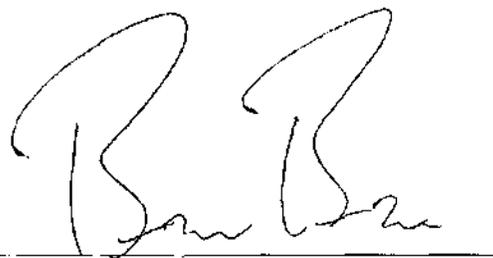
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Ronald J. Pastuch
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Company Supervision Division
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Olympia, WA 98504-0255
ronp@oic.wa.gov



Burnie Burner

BEFORE THE STATE OF WASHINGTON **FILED**
OFFICE OF THE INSURANCE COMMISSIONER

In the Matter of the)
Acquisition of Control of:)
))
WESTERN UNITED LIFE)
ASSURANCE COMPANY,)
))
))
By:)
))
CENTRAL UNITED LIFE)
INSURANCE COMPANY,)
))
))
Applicant.)
_____)

2013 MAR 19 A 9 25

Hearings Unit, DIC
Parsons C. Peterson
NO. 13-0033 Chief Hearing Officer

**APPLICANT'S CLOSING
STATEMENT**

As the testimony and documentary evidence introduced at the hearing demonstrates, the Applicant, Central United Life Insurance Company ("Central United") has met all due requirements of Chapter 48.31B, Revised Code of Washington. Central United submitted a detailed and verified Form A application to the Washington State Office of the Insurance Commissioner. The Insurance Commissioner's staff requested additional information to which CUL provided timely responses. Mr. Pastuch, of the Company Supervision Division of the Office of Insurance Commissioner, testified the Applicant's Form A, together with its exhibits and the supplemental information provided, is complete, and the OIC requested a hearing to be scheduled to consider the Form A application.

The Hearings Officer conducted the hearing, taking testimony and accepting documentary evidence in support of the Form A application. RCW 48.31B.015(4)(a) provides that "the commissioner shall approve a merger or other acquisition of control . . . unless, after a public hearing thereon, he or she finds" that any of the six identified bases for disapproval set forth in that statute exists.

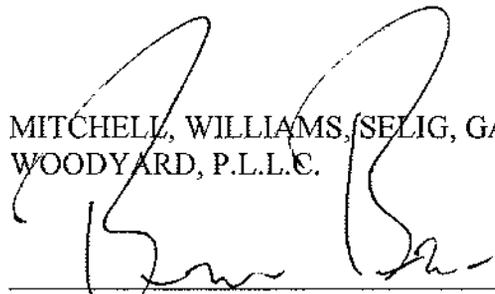
In addressing these provisions, Mr. Daniel George, who testified on behalf of Central United, and Mr. Dale Whitney, who testified on behalf of Western United, demonstrated that the proposed transaction does not violate any of the six standards for review outlined in RCW 48.31B.015(4).

Thus, the hearing testimony and other evidence offered at the hearing by Central United, Western United and the Office of the Insurance Commissioner establishes, without exception, that none of the statutory bases for disapproval exist. The evidence also establishes that there have been no objections to the proposed acquisition.

On behalf of Central United, we respectfully request that the Hearing Officer approve the acquisition on behalf of the Office of the Insurance Commissioner.

DATED: March 13, 2013

MITCHELL, WILLIAMS, SELIG, GATES &
WOODYARD, P.L.L.C.



Burnie Burner, Texas State Bar # 03425700
Ark Monroe, Arkansas State Bar #67041
Attorneys for Central United Life Insurance
Company

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Ronald J. Pastuch
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Burnie Burner

BEFORE THE STATE OF WASHINGTON **FILED**
OFFICE OF THE INSURANCE COMMISSIONER

In the Matter of the)
Acquisition of Control of:)

2013 MAR 19 A 9:26

WESTERN UNITED LIFE)
ASSURANCE COMPANY,)

NO. 13-0033

Hearings Unit, DIC
Patricia L. Robinson
Chief Hearing Officer

By:)

CENTRAL UNITED LIFE)
INSURANCE COMPANY,)

Applicant.)

PRE-FILED TESTIMONY OF DANIEL GEORGE

Introduction

1. Please state your name for the record.

ANSWER: Daniel George

2. Can you state for the record your purpose for being here today?

ANSWER: I appear today as the President of the Applicant to testify in support of the Form A application which is the subject of this hearing.

3. What company filed the Form A Statement?

ANSWER: Central United Life Insurance Company, an Arkansas domiciled life insurance company, with its administrative offices in Houston, Texas.

4. Please describe your educational background.

ANSWER: I hold a Bachelor of Arts degree in Economics from the University of Houston and the insurance industry designations of FLMI, CLU, and ChFC.

5. How long have you been employed by your current employer?

ANSWER: 27 years.

6. Please describe your previous employment positions.

ANSWER: My career-level employment began with my current employer, and I have no material previous employment.

7. What is the basis for your information and knowledge about the Proposed Acquisition that is described in the Form A Statement?

ANSWER: I am the President of Central United and its affiliated insurance companies, and I am familiar with its operation and financial conditions. I participated in the negotiation of the terms of the Stock Purchase Agreement and participated in the due diligence review of Western United.

8. As part of this involvement, have you reviewed the Form A Statement as supplemented and the supplemental information and materials provided to the Washington State Office of the Insurance Commissioner relating to the Proposed Acquisition, as already admitted into evidence as exhibits to this hearing?

ANSWER: As President of Central United I directed the preparation of the Form A Statement and signed it for filing with the Office of Insurance Commissioner. I prepared and/or reviewed all of the information contained in the Form A and in our supplemental responses.

9. Do you believe that the Form A Statement and the supplemental information and materials provided to the Department are complete, true and current in all material respects?

ANSWER: YES.

Corporate Structure of CUL and Affiliates

10. Please describe the corporate structure of Central United.

ANSWER: Central United is a stock life insurance company owned by Harris Insurance Holdings. Central United owns Manhattan Life Insurance Company (NY) and Investors Consolidated Life Insurance Company (NH). Manhattan Life owns Family Life Insurance Company (TX).

11. Please describe the operations of Central United.

ANSWER: Central United is operated with the other members of the group from administrative offices in Houston, Texas. The company insures and services life, annuity and health insurance policies on company-owned systems using commercial and custom administrative software.

12. Please provide information regarding any subsequent material change in the financial condition, management, organization or operations of any person who was acquired by Central United over the past 5 years.

ANSWER: Central United has not made an acquisition in the past 5 years.

Operations of WULA

13. Please briefly describe WULA.

ANSWER: Western United is a Washington-domiciled annuity company with its home office and administrative office in Spokane, Washington.

Description of the Proposed Acquisition

14. Please provide a brief description of the principal components of the Proposed Acquisition.

ANSWER: If approved, the acquisition will be accomplished through a Stock Purchase Agreement in which Central United will acquire all of the issued and outstanding shares of Western United from the current owner, Global Life Holdings, LLC. The purchase price is \$30 million to be paid in cash at closing. Also at closing, Global will repay Western United the existing \$8.3 million subordinated note, adding \$8.3 million to Western United's policyholder surplus.

Immediately after closing, Central United will contribute to Western United all of the issued and outstanding stock of Investors Consolidated Insurance Company, a New Hampshire company. This contribution will increase the policyholder surplus of Western United by the surplus of Investors Consolidated which was approximately \$7.4 million as of December 31, 2012.

The cash to consummate the transaction is all internally generated by Central United and is currently available for closing.

The current officers and directors of Western United will be replaced by individuals currently involved in the successful operation of Central United and its affiliates. The majority of the current management of Western United and its other employees will be retained.

There are no plans to move the company from its current location; however, certain administrative functions will be consolidated with the operations of the other insurance companies in the group in Houston upon the Department's approval of the appropriate Administrative Services Agreement.

The Business Plan is for Western United to continue its current annuity business with its current staff and a gradual expansion into additional states.

15. What prompted Central United to pursue the acquisition of Western United?

ANSWER: Central United currently has a good and diversified set of product lines including life insurance and health insurance. Central United does not have a presence in the annuity business and the acquisition of Western United would allow Central United to diversify its product lines with the addition of annuities.

16. What entities will own or control Western United following the Proposed Acquisition?

ANSWER: Central United will own 100% of Western United stock following the acquisition.

17. What is the total consideration to be paid in connection with the Proposed Acquisition?

ANSWER: \$30 million in cash.

18. How will the purchase price be funded?

ANSWER: Central United has accumulated the \$30 million in cash necessary to fund the purchase price.

19. How were the terms of the Proposed Acquisition reached?

ANSWER: The terms of Stock Purchase Agreement were negotiated with the Seller in arms length negotiations.

Financial Condition of Central United

20. Describe generally the financial condition of Central United.

ANSWER: Central United has \$59.7 million of capital and surplus as of December 31, 2012 and has had positive net income and surplus growth in each year of the past 5 year period.

21. Will the Proposed Acquisition have a direct impact on the financial condition of Western United?

ANSWER: The acquisition will improve the financial condition of Western United. The policyholder surplus of Western United will increase by over \$15 million as a result of the acquisition. The Seller, Global, will repay the outstanding subordinated note at closing, infusing \$8.3 million in cash to Western United, and Central United will contribute the stock of Investor Consolidated Life to Western United, increasing its surplus by an additional \$7.4 million.

22. Does Central United's future plans for Western United include any anticipated dividend payments?

ANSWER: Central United does not have any plans for future dividends from Western United.

Benefits of the Proposed Acquisition and Future Plans for Western United

23. What are the primary benefits of the Proposed Acquisition to Western United and its policyholders?

ANSWER: The primary benefit is that Western United's surplus is increased by more than \$15 million as a result of the Proposed Acquisition which improves the financial security of the company. Secondly, Western United will be able to expand its policyholder base with the additional capital which will ensure that Western United remains strong into the future.

24. Would you please summarize what is contemplated in terms of your future plans for Western United?

ANSWER: Central United plans to continue to operate Western United from its Spokane Home Office and to continue to write annuities in the states in which Western United has an existing sales force. Furthermore, we expect to expand Western United's distribution of annuities into additional states.

25. What actions does Central United plan to take with respect to the handling of customer complaints?

ANSWER: Western United has not had a complaint profile and Central United intends to keep the current service staff in place in Spokane, Washington in order to maintain a high level of service. Any complaints that are received will continue to be handled in a prompt and professional manner.

26. In view of your role in the transaction on behalf of Central United, would you normally be aware of any objections or concerns that would have been received by Western United with respect to the transaction?

ANSWER: YES

27. Have any objections or concerns been received by Central United or Western United with respect to the transaction?

ANSWER: NO

28. Will Western United honor its commitment to all its policy and other contract rights and obligations?

ANSWER: YES

Statutory Questions

29. Following the acquisition, is there any reason Western United will 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?

ANSWER: NO

30. Will the effect of the acquisition substantially lessen competition or tend to create a monopoly in insurance in Washington?

ANSWER: NO. Central United and its affiliates write no annuities in Washington or elsewhere.

31. Is the financial condition of Central United and its affiliates such as might jeopardize the financial stability of Western United?

ANSWER: NO

32. Are the plans or proposals of Central United to liquidate Western United, sell its assets, consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, unfair and unreasonable to the policyholders of Western United and not in the public interest?

ANSWER: NO

33. Are the competence, experience and integrity of those persons who would control the operation of the insurer such it would not be in the interest of the policyholders of Western United and of the public to permit the merger or other acquisition of control?

ANSWER: NO

34. Is the acquisition likely to hazardous to prejudicial to the insurance buying public?

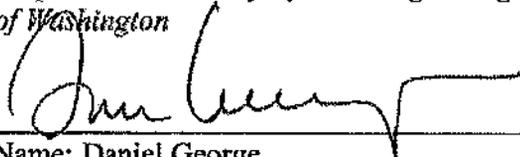
ANSWER: NO

Conclusion

35. Assuming approval by the Washington State Office of the Insurance Commissioner, when do you anticipate closing the Proposed Acquisition?

ANSWER: On or before March 31, 2013

The above testimony is true, correct and complete to the best of my knowledge and given subject to the laws of perjury of the state of Washington



Name: Daniel George

Title: President of Central United Life Insurance Company

Date: March 14, 2013