

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Merger Agreement)	
Filed Pursuant to K.S.A. 40-309 by)	
)	
IL ANNUITY AND INSURANCE COMPANY)	
)	
and)	Docket No. 3176-M
)	
INDIANAPOLIS LIFE INSURANCE)	
COMPANY)	

ORDER

NOW on this 30th day of June, 2003, the above matter comes before the Commissioner of Insurance of the State of Kansas upon the filing of the Agreement of Merger ("Agreement") pursuant to K.S.A. 40-309 by IL Annuity and Insurance Company ("IL Annuity"), a Kansas domestic stock life insurance company and operated pursuant to K.S.A. 40-401, *et seq.*, and Indianapolis Life Insurance Company ("Indianapolis Life"), an Indiana domestic stock life insurance company and operated pursuant to K.S.A. 40-401, *et seq.*

The Agreement, which was filed by the Applicants with the Kansas Insurance Department on June 27, 2003 pursuant to K.S.A. 40-309, relates to the proposed merger of IL Annuity with and into Indianapolis Life.

IL Annuity and Indianapolis Life are represented by its attorney, M. Keith Hawkins. The Kansas Insurance Department is represented by General Counsel, John W. Campbell, and Staff Attorney, Deletria L. Nash. Also appearing for the Kansas Insurance Department are Don Gaskill, Director of the

Financial Surveillance Division, and Patrick Mulvihill, Assistant Director of the Financial Surveillance Division.

All parties are relying on documentary and contractual representations filed with the Kansas Insurance Department.

FINDINGS OF PUBLIC INTEREST AND POLICY

The purpose of filing the Agreement of Merger was to obtain the approval of the Kansas Insurance Department for the proposed merger of IL Annuity with and into Indianapolis Life. The terms and conditions of the proposed merger are fully set forth in the Agreement of Merger.

Significant documents have been reviewed by representatives of the Financial Surveillance Division and the Legal Division of the Kansas Insurance Department, and the Commissioner has had the benefit of their technical expertise and advice.

The Applicants have submitted the following documents as Exhibits in the merger filing:

- Exhibit 1 Certification of James A. Smallenberger, Secretary of Indianapolis Life and Certification of Michael H. Miller, Secretary of IL Annuity certifying that the companies are engaged in like business and have similar corporate powers.
- Exhibit 2 – no exhibit
- Exhibit 3 Actuarial Opinions and Indianapolis Life Insurance Company Statement of Actuarial Opinion as of March 31, 2003 and IL Annuity

and Insurance Company Statement of Actuarial Opinion as of March 31, 2003

- Exhibit 4 Notice of the Special Meeting of the Stockholder of IL Annuity and Insurance Company, Special Meeting of Sole Shareholder of IL Annuity and Insurance Company with Resolution attached as Exhibit A and Certification of Secretary of IL Annuity and Insurance Company
- Exhibit 5 June 25, 2003 letter to Marlyn Burch from Terry Tiede regarding an Assumption Certificate and policy filings
- Exhibit 6 Assumption Certificate
- Exhibit 7 - no exhibit
- Exhibit 8 A copy of Article 7.6 of the Agreement of Merger regarding Service of Process
- Exhibit 9 Indianapolis Life Insurance Company and IL Annuity and Insurance Company Unaudited Pro Forma Consolidated Balance Sheet As of March 31, 2003 (\$ in Millions)
- Exhibit 10 Kansas Certificate of Authority (copy of original)
- June 25, 2003 Resolution from Board of Directors of Indianapolis Life and IL Annuity

The staff of the Kansas Insurance Department has inspected and reviewed the contents of the Agreement and related documents and found that the filing of the Agreement and related documents are in accordance with K.S.A. 40-309 and that the Agreement and related documents have provided all the

information required under Kansas statutes to enable the Commissioner to render a decision on the proposed Agreement of Merger.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. IL Annuity is a stock life insurance company organized and operating pursuant to the provisions of Article 3 of the Kansas Insurance Code, with its home office located in Topeka, Kansas. IL Annuity became authorized to transact business in Kansas on March 20, 1984;

2. Indianapolis Life is a stock life insurance company organized and operating pursuant to the provisions of Article 3 of the Kansas Insurance Code, with its home office located in Indianapolis, Indiana. Indianapolis Life became authorized to transact business in Kansas on May 18, 1961;

3. According to K.S.A. 40-3304, an agreement to merge with any domestic insurance company shall file with the commissioner of insurance a statement containing the information required by K.S.A. 40-3304;

4. According to K.S.A. 40-309, an insurance company of this state may merge with any other company of any other state engaged in like business and having similar corporate powers. IL Annuity and Indianapolis Life are engaged in like business and have similar corporate powers;

5. K.S.A. 40-309 provides better regulatory guidance for this procedure and will be applied in this matter. Indianapolis Life and any persons/entities which directly or indirectly control Indianapolis Life, are exempt from filing a Form A in accordance with K.S.A. 40-3304(e)(2);

6. K.S.A. 40-309 sets forth the procedure that must be followed when merging companies are engaged in like business and have similar corporate powers. The first requirement is the approval at a meeting of stockholders of the domestic company prescribing the terms and conditions of the merger;

7. On June 25, 2003, a resolution was adopted by the Board of Directors of Indianapolis Life and IL Annuity. The purpose of the resolution was to effect the merger of IL Annuity and Indianapolis Life. On June 25, 2003, the sole shareholder of IL Annuity approved a resolution adopted by unanimous consent of the Board of Directors of IL Annuity on June 25, 2003. Shareholders of Indianapolis Life were not required to approve the resolution;

8. IL Annuity and Indianapolis Life filed a executed copy of the Agreement of Merger with the Kansas Insurance Department on June 27, 2003;

9. The Agreement of Merger is in compliance with the provisions of K.S.A. 40-309;

10. The evidence submitted supports approval of the proposed Agreement of Merger of IL Annuity with and into Indianapolis Life;

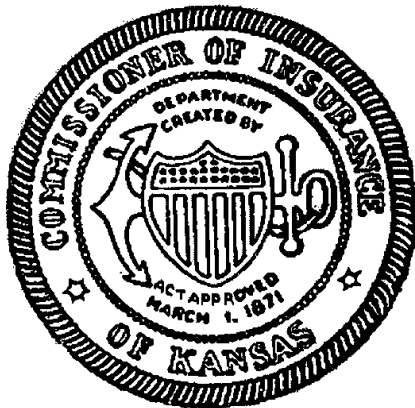
**IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE,
ORDERED THAT:**

1. The merger of IL Annuity and Insurance Company and Indianapolis Life Insurance Company as set forth in the Agreement of Merger and related documents are hereby approved pursuant to K.S.A. 40-309, provided all closing documents are executed and filed with the Kansas Insurance Department within sixty (60) days of the date of this Order.

2. IL Annuity and Insurance Company shall deliver all assets to Indianapolis Life Insurance Company pursuant to K.S.A. 40-309.

3. The Commissioner of Insurance retains jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such further Order or Orders as may be deemed proper.

IT IS SO ORDERED THIS 30TH DAY OF JUNE, 2003, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



_____/s/ Sandy Praeger_____
Sandy Praeger
Commissioner of Insurance

_____/s/ John W. Campbell_____
John W. Campbell
General Counsel