

NINETEENTH JUDICIAL DISTRICT COURT  
PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA  
CIVIL SECTION 22

.....  
LOUISIANA STATE INSURANCE COMMISSIONER.

V. . NO. 633396

MOTHE LIFE INSURANCE COMPANY, ET AL .

.....

THURSDAY, JANUARY 7, 2016

HEARING AND ORAL REASONS FOR JUDGMENT ON MOTION OF  
REHABILITATOR TO APPROVE PLAN OF REHABILITATION OF MOTHE  
LIFE INSURANCE COMPANY AND ITS WHOLLY-OWNED SUBSIDIARY  
D.L.E. LIFE INSURANCE COMPANY TO APPROVE STOCK PURCHASE  
AGREEMENT, TO RELEASE MOTHE LIFE INSURANCE COMPANY AND  
D.L.E. LIFE INSURANCE COMPANY FROM THE REHABILITATION ORDER  
AND REHABILITATION EFFECTIVE UPON CLOSING, AND FOR OTHER  
RELIEF

\* \* \* \* \*

THE HONORABLE TIMOTHY KELLEY, JUDGE PRESIDING

APPEARANCES	FOR
ASHLEY MOORE	MOTHE LIFE INSURANCE CO.
VAN MAYHALL	LA HEALTH AND LIFE INS. GRNTY
CHARLES MCMAINS	ELI GLOBAL LLC

REPORTED AND TRANSCRIBED BY KRISTINE M. FERACHI, CCR #87173

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THURSDAY, JANUARY 7, 2016

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THE COURT: THIS IS CASE 633396, DONELON  
VERSUS MOTHE. COUNSEL, MAKE APPEARANCES, PLEASE.

MR. MOORE: ASHLEY MOORE WITH TAYLOR PORTER,  
YOUR HONOR, ON BEHALF OF THE REHABILITATOR AND  
RECEIVER.

MR. MAYHALL: VAN MAYHALL, III, BREAZEALE  
SACHSE AND WILSON ON BEHALF OF LOUISIANA LIFE  
HEALTHCARE AND

MR. MCMAINS: CHUCK MCMAINES, JONES WALKER,  
ON BEHALF OF THE ACQUIRER, ELI GLOBAL.

THE COURT: MR. MOORE, YOU READY TO GO  
FORWARD WITH THIS?

MR. MOORE: YES, SIR. BEFORE I DO --

THE COURT: OH, WAIT. THERE HAS BEEN ONE  
THING I DO WANT TO PUT ON THE RECORD.

THIS MATTER WAS ORIGINALLY ALLOTTED TO  
SECTION D OF THE 19TH JUDICIAL DISTRICT COURT,  
WHICH IS JUDGE CLARK. THERE WAS A MOTION TO  
RECUSE JUDGE CLARK THAT WAS FILED, AND THE RECUSAL  
MOTION WAS ALLOTTED TO MY DIVISION. DURING --  
GIVEN THE CHANGE IN COUNSEL, ET CETERA, THAT  
MOTION TO RECUSE HEARING HAS BEEN CONTINUED  
SEVERAL TIMES, AND NOW IT HAS BEEN CONTINUED  
BECAUSE OF THE CHANGE OF ADMINISTRATION IN THE  
ATTORNEY GENERAL'S OFFICE, WHICH WILL BECOME  
EFFECTIVE ON MONDAY. BELTS AND SUSPENDERS, I  
WANTED TO MAKE SURE, IS THERE ANY OBJECTION BY ANY  
PARTY TO THIS DIVISION? DO ALL CONSENT TO HAVING  
THIS DIVISION DECIDE THIS MATTER AT THIS TIME  
WHILE IT IS UNDER THE PENDENCY OF THE MOTION TO

RECUSE? THIS SHOULD OBVIOUSLY MOOT THE MOTION TO RECUSE, BUT I NEED ALL PARTIES TO CONSENT WITH ME DOING THE RULING ON THIS.

MR. MOORE: THE REHABILITATOR AND RECEIVER CERTAINLY CONSENT.

MR. MAYHALL: LLHIGA CONSENTS.

MR. MCMAINS: ON BEHALF OF THE ACQUIRER, WE CONSENT AS WELL, YOUR HONOR.

THE COURT: ALL RIGHT. SIR?

MR. MOORE: YOUR HONOR, BEFORE WE GET GOING, I WOULD ALSO LIKE, BECAUSE HOPEFULLY IT WILL BE REFLECTED IN THE APPROVAL ORDER, THE PRESENCE OF THE RECEIVER, CARA BOSTICK.

THE COURT: HEY, MA'AM. HOW ARE YOU? I HAVE READ YOUR AFFIDAVITS AND EVERYTHING, BELIEVE IT OR NOT.

MS. BOSTICK: I APPRECIATE ALL YOUR HELP.

THE COURT: AND YOUR APPLICATIONS AND ALL. OKAY.

MR. MOORE: STEWART GUERIN WHO IS CHIEF EXAMINER OF THE LOUISIANA DEPARTMENT OF INSURANCE.

THE COURT: GOOD MORNING, SIR.

MR. MOORE: MR. JEREMY RAGSDALE, WHO IS THE PRESIDENT OF SOUTHLAND NATIONAL AND MOTHE HOLDINGS.

THE COURT: I HOPE YOU HAD A GOOD TRIP IN.

MR. MOORE: AND WE HAVE A COUPLE OF BIG-CITY LAWYERS WITH US AS WELL.

THE COURT: I SAW THE DARK SUITS. I FIGURED SOMETHING WAS UP.

MR. MOORE: AND A COUPLE OF BIG-CITY LAWYERS. I WILL START WITH THE SMALLER OF THE TWO, JACKSON,

MISSISSIPPI, MR. BOBBY HOUSE WITH THE JONES WALKER OFFICE THERE, AND MR. BERT ADAMS WITH THE SUTHERLAND FIRM IN NEW YORK.

THE COURT: GOOD MORNING, GUYS. I AM GLAD TO HAVE YOU HERE. I KNOW YOU HAVE ALL WORKED VERY HARD ON THIS, AND SO, IF YOU WILL, SIR.

MR. MOORE: YES, SIR, YOUR HONOR.

AGAIN, ASHLEY MOORE ON BEHALF OF THE REHABILITATOR AND RECEIVER. I WOULD START, BEFORE I CALL MY FIRST WITNESS --

THE COURT: I APOLOGIZE, ASHLY. ONE OTHER THING I WANT TO TELL YOU IS I HAVE REVIEWED THE PAPERWORK ASSOCIATED WITH THIS. OTHER THAN A COUPLE OF TYPOS, IT IS PRETTY CLEAN. YOU KNOW HOW I AM WITH TYPOS. I WILL ALSO NOTE THAT I HAVE SEEN THE CORRECTIONS OR CLARIFICATIONS ON THE AFFIDAVITS AND WILL ACCEPT THOSE CLARIFICATIONS AND CORRECTIONS, ALSO.

MR. MOORE: I BELIEVE THERE WAS A CLERICAL ERROR AT ONE POINT, YOUR HONOR, IN WHICH THE MOTHE LIFE COMPANY, M O T H E, WAS ACTUALLY SPELLED M O T H E R. IN CONNECTION WITH THIS MOTION, I DO NOT BELIEVE THERE ARE ANY SUCH TYPOS.

THE COURT: ALL RIGHT. AND WITH REGARD TO THE AFFIDAVITS, I AM OBVIOUSLY REFERRING TO RAGSDALE, HERWIG, AND THERE WAS ONE OTHER, I FORGET WHAT IT WAS, BUT I HAVE REVIEWED THOSE, AND I ACCEPT THOSE CHANGES AND MODIFICATIONS THERETO. GO AHEAD.

MR. MOORE: THANK YOU, YOUR HONOR.

BEFORE I CALL MY FIRST WITNESS, I WOULD LIKE TO OFFER INTO EVIDENCE THE ENTIRE RECORD OF THE

PROCEEDINGS, INCLUDING PARTICULARLY THE PETITION FILED SEPTEMBER 10 OF 2014, THE INITIAL REHABILITATION ORDER ENTERED SEPTEMBER 11 OF 2014, AND I NOTE THE FINDING OF INSOLVENCY OF THE COMBINED COMPANIES CONTAINED IN THAT ORDER, THE PERMANENT ORDER OF REHABILITATION DATED OCTOBER 2ND OF 2014, AGAIN WITH A FINDING OF INSOLVENCY OF THE COMBINED COMPANIES.

THE PROCEDURES MOTION THAT WAS FILED OCTOBER 1 OF 2014, ACTUALLY THE DAY BEFORE THE PERMANENT REHABILITATION ORDER WAS ENTERED, THE RECEIVER WAS ALREADY THINKING IN TERMS OF A POSSIBLE SALE OF THE COMBINED COMPANIES. THE PROCEDURES ORDER WAS ENTERED OCTOBER 15 OF 2014. THE REHABILITATOR AND RECEIVER HAVE BEEN WORKING TO THAT END EVER SINCE. THE SCHEDULING ORDER SIGNED DECEMBER 1 OF 2015 APPROVING THE NOTICE OF PUBLICATION PURSUANT TO SECTION 2009 OF THE INSURANCE CODE. THIS MOTION TO APPROVE PLAN OF REHABILITATION TO APPROVE STOCK PURCHASE AGREEMENT AND RELATED MATTERS, ALSO FILED 2015, THE SUPPLEMENTAL MOTION AND THE FORM-A APPLICATION MATERIALS FILED WITH THE COURT JANUARY 6 OF 2016, INCLUDING THE DEPARTMENT'S REVIEW MEMORANDUM DATED DECEMBER 18 OF 2015, AND THE DEPARTMENT'S RECOMMENDATION MEMORANDUM DATED JANUARY 6, 2016, AND THE AFFIDAVIT OF PUBLICATION THAT I FILED YESTERDAY, WHICH I WILL SUPPLEMENT WHEN I OBTAIN THE AFFIDAVIT OF PUBLICATION FROM THE ADVOCATE.

**THE COURT:** RIGHT. I DID WANT TO MAKE NOTE OF THAT. I WILL ACCEPT YOUR AFFIDAVIT OF PUBLICATION FOR PURPOSES OF THE HEARING, AND FIND

THAT IT IS SUFFICIENT TO SHOW PROPER PUBLICATION,  
AND I WOULD ASK THAT YOU SUPPLEMENT WITH THE  
NOTIFICATIONS WHEN YOU RECEIVE THEM FROM THE  
ADVOCATE. I KNOW THAT THEY SENT THEM TO YOU ABOUT  
SIX DAYS AGO, BUT IT IS MY UNDERSTANDING YOU HAVE  
NOT YET RECEIVED THEM; IS THAT CORRECT?

**MR. MOORE:** THAT IS CORRECT, YOUR HONOR.  
THEY SAID THEY SENT THEM OUT LAST WEEK, BUT I  
STILL HAVE NOT RECEIVED THEM.

**THE COURT:** I WILL ALLOW YOU TO SUPPLEMENT  
WHEN YOU RECEIVE THEM.

**MR. MOORE:** VERY GOOD. THANK YOU, YOUR  
HONOR. WITH THAT DONE, I WOULD CALL THE RECEIVER,  
CARA BOSTICK TO THE STAND.

\* \* \* \* \*

CARA BOSTICK,

HAVING BEEN FIRST DULY SWORN, WAS EXAMINED AND  
TESTIFIED AS FOLLOWS:

E X A M I N A T I O N

BY MR. MOORE:

Q MS. BOSTICK, PLEASE STATE AGAIN YOUR NAME AND POSITION  
WITH REGARD TO MOTHE LIFE AND D.L.E. LIFE.

A CARA BOSTICK, AND I AM THE COMMISSIONER'S APPOINTED  
RECEIVER OVER MOTHE/DLE.

Q AT THE POINT OF YOUR APPOINTMENT AS RECEIVER OF MOTHE  
AND D.L.E., WHAT WAS THE FINANCIAL CONDITION OF THE COMBINED  
COMPANIES?

A THE COMBINED COMPANIES WERE INSOLVENT.

Q HOW ABOUT TODAY?

A THE INSOLVENCY HAS INCREASED.

Q WHAT IS THE GENERAL MAGNITUDE OF THE INSOLVENCY OF THE  
COMBINED COMPANIES TODAY?

A AS OF TODAY, THE COMBINED INSOLVENCY IS 8.3 MILLION.

Q WITH REGARD TO THE PROCEDURES ORDER THAT WAS ENTERED  
OCTOBER 15 OF 2014, WHAT HAVE YOUR RESPONSIBILITIES AS  
RECEIVER INVOLVED?

A I AM CHARGED WITH THE, OVERSEEING THE DAILY OPERATION  
OF BOTH MOTHE LIFE INSURANCE COMPANY AND D.L.E. LIFE  
INSURANCE COMPANY. OVERSEEING ALL OF THE OPERATIONS AND  
PAYMENTS OF CLAIMS.

Q WITH REGARD TO THE SALES EFFORTS AND THE PROCEDURES  
MOTION, ORDER THAT WAS ENTERED, WHAT HAVE THOSE ACTIVITIES  
INVOLVED?

A UPON APPROVAL OF THAT ORDER, WE SENT OUT APPROXIMATELY  
190 SOLICITATION LETTERS TO INSURANCE COMPANIES WHOSE  
RESERVES WERE OVER 55 MILLION DOLLARS. WE FOCUSED ON THE

LARGER COMPANIES AND LIFE COMPANIES THAT WERE HERE IN LOUISIANA.

AFTER THE SOLICITATION LETTERS WENT OUT, WE SET DEADLINES ON RECEIVING OFFERS. WE HAD 23 COMPANIES THAT CAME FORWARD AND SIGNED CONFIDENTIALITY AGREEMENTS. ONCE THE CONFIDENTIALITY AGREEMENTS WERE SIGNED, WE ENTERED INTO A DUE DILIGENCE PERIOD WHERE THEY COULD COME IN AND PERFORM DUE DILIGENCE, REVIEW THE RECORDS OF THE COMPANY TO SEE IF IT WAS SOMETHING THAT THEY WERE, IN FACT, GOING TO PLACE A BID ON. WE SET DEADLINES FOR LETTERS OF INTENT TO BE RECEIVED. WE RECEIVED NINE LETTERS OF INTENT. FROM THE NINE LETTERS OF INTENT, WE NARROWED IT DOWN TO RECEIVING TWO OFFERS.

Q AND WITH REGARD TO THOSE TWO OFFERS, WHAT ACTIONS DID YOU TAKE? HOW DID YOU VIEW THOSE OFFERS?

A WE REVIEWED THE OFFERS AS TO WHICH OFFER WOULD BE BEST FOR THE COMPANY AS A WHOLE, BOTH COMPANIES.

THE ONE OFFER THAT WE RECEIVED WAS MERELY AN ASSUMPTION REINSURANCE TRANSACTION, AND WOULD HAVE FORCED LLHIGA TO PICK UP THE MAJORITY OF THE INSOLVENCY. THE OTHER OFFER WAS FROM SOUTHLAND NATIONAL WHICH WOULD PUT THE COMPANY BACK INTO FULL OPERATION AND REMOVE IT FROM RECEIVERSHIP COMPLETELY.

Q BASED ON YOUR REVIEW AND ANALYSIS, WHAT WAS YOUR ACCEPTANCE?

A WE DECIDED TO GO WITH THE SOUTHLAND NATIONAL OFFER.

Q DO YOU RECALL THE DATE THAT YOU ACCEPTED THE SOUTHLAND NATIONAL OFFER?

A I SIGNED THE BINDING OFFER ON JULY 3, 2015.

Q MS. BOSTICK, WOULD YOU BRIEFLY EXPLAIN THE MATERIAL POINTS OF THE SOUTHLAND NATIONAL OFFER AND THE STOCK PURCHASE AGREEMENT THAT IS PRESENTLY BEFORE THE COURT?

A THE OFFER CALLS FOR SOUTHLAND NATIONAL TO INFUSE 12 MILLION DOLLARS INTO MOTHE LIFE INSURANCE COMPANY, AND IT ALSO CALLS FOR THAT THE SURPLUS CANNOT FALL BELOW 3.5 MILLION DOLLARS AFTER THAT INFUSION. IF THAT HAPPENS, THEN WE WOULD NEED THE ASSISTANCE OF LLHIGA TO MAKE UP THE DIFFERENCE.

Q HAS LLHIGA AGREED TO PROVIDE THAT ASSISTANCE?

A LLHIGA HAS.

Q AND LLHIGA IS ACTUALLY A PARTY TO THE STOCK PURCHASE AGREEMENT?

A YES, THEY ARE.

Q TODAY, WHAT IS THE PRESENT, I GUESS APPROXIMATE FIGURE THAT -- SUM THAT LLHIGA WOULD HAVE TO INFUSE OR CONTRIBUTE TO MOTHE LIFE IN CONNECTION WITH THE TRANSACTION?

A BASED ON THE NOVEMBER FINANCIALS, WHICH IS THE LAST SET THAT I HAVE AT THIS TIME, THE LLHIGA REQUIREMENT WOULD BE ROUGHLY 4.4 MILLION.

Q OBVIOUSLY YOU HAVE SIGNED THE STOCK PURCHASE AGREEMENT AND ENDORSED THE TRANSACTIONS, BUT WHAT ADDITIONALLY HAVE YOU CONCLUDED ABOUT THE PLAN OF REHABILITATION, THE STOCK PURCHASE AGREEMENT AND RELATED TRANSACTIONS?

A BASED ON MY REVIEW, AND KNOWING THE INSOLVENCY OF THESE COMPANIES, WE BELIEVE THAT THIS IS IN THE BEST INTEREST OF THE MOTHE/DLE POLICYHOLDERS, CREDITORS, AND IT IS WHAT IS BEST FOR BOTH COMPANIES.

Q ASSUME FOR THE MOMENT APPROVAL BY THE COURT IN CLOSING AND FUNDING OF THE TRANSACTION, WHAT HAVE YOU CONCLUDED REGARDING THE CAUSES AND CONDITIONS THAT HAVE MADE THIS PROCEEDING NECESSARY?

A THE CAUSE FOR THE INSOLVENCY IS BAD REAL ESTATE ASSETS. THE INCREASE IN THE INSOLVENCY SINCE OCTOBER OF 2014 IS BECAUSE WE HAVE HAD TO DO NUMEROUS WRITE-DOWNS FOR THOSE

REAL ESTATE ASSETS THAT WERE OVERSTATED.

Q UPON THE INFUSION OF THE 12 MILLION DOLLARS TOGETHER WITH THE LLHIGA MONIES, WILL THE CAUSES AND CONDITIONS THAT MADE THIS PROCEEDING NECESSARY HAVE BEEN REMOVED?

A YES, THEY WILL.

Q PLEASE ANSWER ANY QUESTIONS -- THAT IS ALL I HAVE. PLEASE ANSWER ANY QUESTIONS THAT JUDGE KELLEY MAY HAVE.

THE COURT: NO. I HAVE NO QUESTIONS. THANK YOU. I HAVE BEEN ACTIVELY INVOLVED IN THE PROCESS FOR QUITE A WHILE NOW, SO I AM VERY MUCH AWARE OF WHAT HAS BEEN GOING ON. I APPRECIATE YOUR TESTIMONY. DOES ANY OTHER COUNSEL HAVE ANY QUESTIONS FOR THIS WITNESS? NO. MA'AM, THANK YOU VERY MUCH.

A THANK YOU VERY MUCH.

MR. MOORE: I CALL MR. STEWART GUERIN TO THE STAND, YOUR HONOR.

\* \* \* \* \*

STEWART GUERIN,

HAVING BEEN FIRST DULY SWORN, WAS EXAMINED AND  
TESTIFIED AS FOLLOWS:

E X A M I N A T I O N

BY MR. MOORE:

Q PLEASE AGAIN STATE YOUR NAME AND POSITION WITH THE  
LOUISIANA DEPARTMENT OF INSURANCE.

A STEWART GUERIN, CHIEF EXAMINER, OFFICE OF FINANCIAL  
SOLVENCY, LOUISIANA DEPARTMENT OF INSURANCE.

Q AS CHIEF EXAMINER, WHAT HAVE YOUR RESPONSIBILITIES BEEN  
WITH REGARD TO THE FORM-A APPLICATION SUBMITTED BY SOUTHLAND  
NATIONAL AND MOTHE HOLDINGS?

A WE RECEIVED A FORM-A APPLICATION FROM THE RECEIVER. WE  
REVIEWED IT. WE CONDUCTED A REVIEW TO GAIN AN UNDERSTANDING  
OF THE TRANSACTION AND DETERMINE ITS IMPACT TO THE FINANCIAL  
SOLVENCY OF THE INSURANCE COMPANIES INVOLVED. WE ALSO  
LOOKED AT THE EXPERIENCE, CONFIDENCE AND INTEGRITY OF THE  
PROPOSED ACQUIRING PARTY.

MR. MOORE: MAY I APPROACH, YOUR HONOR?

THE COURT: YES.

MR. MOORE: IN THE SUPPLEMENT TO THE MOTION,  
YOUR HONOR, THAT WAS ONE OF THE LAST ITEMS IN THAT  
STACK OF PAPERS.

BY MR. MOORE:

Q MR. GUERIN, THIS IS THE REVIEW MEMO ADDRESSED TO YOU  
THAT IS DATED DECEMBER 18, 2015 FOR YOUR REFERENCE, BUT WITH  
REFERENCE TO THAT MEMO, WHAT HAS THE DEPARTMENT CONCLUDED  
ABOUT THE ACQUISITION OF MOTHE LIFE AND D.L.E. LIFE BY  
SOUTHLAND NATIONAL AND MOTHE HOLDINGS?

A AS A RESULT OF OUR REVIEW, THE DEPARTMENT HAS CONCLUDED  
THAT THE CHANGE IN CONTROL WILL NOT HAVE AN EFFECT ON THE

COMPANY'S ABILITY TO SATISFY THE REQUIREMENTS TO WRITE THE BUSINESS FOR WHICH IT IS LICENSED. IT DOES NOT APPEAR THAT THE CHANGE IN CONTROL WOULD LESSEN COMPETITION OR CREATE A MONOPOLY. IT DOES NOT APPEAR THAT THE FINANCIAL CONDITION OF THE APPLICANT WOULD JEOPARDIZE THE INSURER'S FINANCIAL STABILITY FOR ITS POLICYHOLDERS. IT DOES NOT APPEAR THAT THERE ARE ANY PLANS TO LIQUIDATE THE INSURER, SELL ITS ASSETS OR CONSOLIDATE OR MERGE THE COMPANY WITH ANY PERSON, OR TO MAKE ANY MATERIAL CHANGES IN THE PUBLIC INTEREST. IT DOES NOT APPEAR THAT THE CONFIDENCE, EXPERIENCE AND INTEGRITY OF THE CONTROLLING PARTIES WOULD BE AGAINST THE INTEREST OF THE POLICYHOLDERS OF THE INSURER AND THE PUBLIC, AND IT DOES NOT APPEAR THAT THE CHANGE IN CONTROL, IF APPROVED, WOULD BE HAZARDOUS TO THE INSURANCE-BUYING PUBLIC.

Q THANK YOU.

AND WITH REGARD TO THE APPLICATION, MR. GUERIN, WHAT IS THE DEPARTMENT'S RECOMMENDATION TO THE COURT?

A THE DEPARTMENT HAS RECOMMENDED THAT THE APPLICATION BE APPROVED AS IT APPEARS TO BE IN THE BEST INTEREST OF THE POLICYHOLDERS, CREDITORS AND THE INSURANCE COMPANIES.

Q THANK YOU.

MS. EVERT: YOUR HONOR, THAT IS ALL I HAVE. IF YOU HAVE ANY QUESTIONS.

THE COURT: I DO NOT. ANY COUNSEL HAVE ANY ADDITIONAL QUESTIONS?

MR. MAYHALL: NO, YOUR HONOR.

MR. MCMAINS: NO, YOUR HONOR.

THE COURT: THANK YOU, SIR. I APPRECIATE YOU. ANYTHING FURTHER?

MR. MOORE: YOUR HONOR, THE REHABILITATOR AND RECEIVER RESTS. WE DO NOT HAVE ANYTHING ELSE, UNLESS THERE IS ANY OPPOSITION, AND I DO NOT KNOW

OF ANY WHATSOEVER, OR QUESTIONS BY THE COURT, I WOULD ASK THAT THE MOTION BE GRANTED.

**THE COURT:** YOU HAVE ANTICIPATED MY FINAL QUESTION, AND THAT WAS, I HAVE REVIEWED THE RECORD AND FOUND NO OPPOSITION WHATSOEVER. THE CASE HAS BEEN PROPERLY NOTICED AND CALLED FOR AT 9:30 THIS MORNING. IT IS NOW 9:47. NO ONE -- IS ANYONE IN THE AUDIENCE HERE TO RAISE AN OBJECTION TO THE MATTER? I AM AWARE OF NONE. ARE YOU AWARE OF ANY OPPOSITION AT ALL?

**MR. MOORE:** I AM NOT, YOUR HONOR.

**THE COURT:** THANK YOU. VERY GOOD.

DO ANY OF THE OTHER PARTICIPANTS WISH TO PRESENT ANYTHING TO THE COURT BEFORE IT RULES ON THIS?

**MR. MAYHALL:** NO, THANK YOU, YOUR HONOR.

**MR. MCMAINS:** NO, YOUR HONOR.

**THE COURT:** THANK YOU.

**MR. MOORE:** YOUR HONOR, EXHIBIT C TO THE MOTION WAS THE DRAFT APPROVAL ORDER WHICH I HAVE HERE. THE ONLY CHANGE I HAVE MADE IS WITH REGARD TO THE APPEARANCES TO ADDITIONALLY SHOW MR. MAYHALL AND MR. MCMAINES AS MAKING APPEARANCES, AND ALSO, SHOWING AS PRESENT IN COURT MS. BOSTICK, MR. RAGSDALE, MR. GUERIN AND COUNSEL ADAMS AND HOUSE.

**THE COURT:** THANK YOU.

**MR. MOORE:** MAY I APPROACH?

**THE COURT:** YES. IF THAT IS THE ONE THAT IS GOING TO BE PRESENTED IN THE EVENT I APPROVE ALL OF THIS, IT NEEDS TO BE FILED BEFORE I SIGN IT, OKAY.

MR. MOORE: YES, SIR.

THE COURT: THANKS. ALL RIGHT.

I HAVE HAD AN OPPORTUNITY TO REVIEW THE ENTIRE PACKAGE ON THIS, AND THE ENTIRE RECORD AS A MATTER OF FACT, AND HAVE ACTIVELY PARTICIPATED WITH COUNSEL THROUGH THE PROCESS FOR OVER A YEAR NOW IT SEEMS TO ME. IN PARTICULAR, BASED UPON THE EVIDENCE AND THE TESTIMONY, I FIND THAT IT ALL DOES COMPLY WITH LOUISIANA R.S. 22:961.4 (E).

SPECIFICALLY, THE COURT FINDS THAT CHANGE IN CONTROL WILL NOT HAVE AN EFFECT ON THE COMPANY'S ABILITY TO SATISFY THE REQUIREMENTS TO WRITE BUSINESS FOR WHICH IT IS LICENSED. IT DOES NOT APPEAR THAT THE CHANGE IN CONTROL WILL LESSEN COMPETITION AND CREATE A MONOPOLY. IT DOES NOT APPEAR THAT THE FINANCIAL CONDITION OF THE APPLICANT WOULD JEOPARDIZE THE INSURER'S FINANCIAL STABILITY OR ITS POLICYHOLDERS. IT DOES NOT APPEAR THAT THERE ARE ANY PLANS TO LIQUIDATE THE INSURED, SELL ITS ASSETS, OR CONSOLIDATE OR MERGE THE COMPANY WITH ANY PERSON, OR TO MAKE ANY MATERIAL CHANGES NOT IN THE PUBLIC INTEREST. IT DOES NOT APPEAR THAT THE COMPETENCE, EXPERIENCE AND INTEGRITY OF THE CONTROLLING PARTIES WOULD BE AGAINST THE INTEREST OF THE POLICYHOLDERS OF THE INSURER AND THE PUBLIC, AND FINALLY, IT DOES NOT APPEAR THAT THE CHANGE IN CONTROL, IF APPROVED, WOULD BE HAZARDOUS TO THE INSURANCE-BUYING PUBLIC.

THEREFORE, CONSIDERING THE PROCEDURES MOTION AND THE PROCEDURES ORDER, AND THE EVIDENCE AND TESTIMONY THAT HAS BEEN PUT FORTH, I AM GOING TO ORDER THAT THE MOTION BE GRANTED. THAT THE COURT

DOES APPROVE THE PLAN OF REHABILITATION OF  
MOTHE/DLE LIFE COMPANIES DATED DECEMBER 1, 2015.  
I AM GOING TO ORDER THAT I APPROVE THE DEFINITIVE  
TRANSACTION DOCUMENTS WHICH HAVE BEEN ACCEPTED AND  
APPROVED BY THE REHABILITATOR, INCLUDING BUT NOT  
LIMITED TO THE STOCK PURCHASE AGREEMENT BY WHICH  
LLHIGA WILL CONTRIBUTE FUNDS TO MOTHE LIFE IN FULL  
SATISFACTION OF LLHIGA'S DUTIES AND OBLIGATIONS  
UNDER LOUISIANA R.S. 22:2082(A) WITH RESPECT  
THERETO, AND SNIC/MOTHE HOLDINGS WILL PURCHASE THE  
SHARES AND COMPLETE THE SALE, WHICH IS GOING TO BE  
REFERRED TO IN THE ORDER AS THE TRANSACTION.

I FURTHER ORDER THAT THE FORM-A SUBMITTED BY  
S.N.I.C. AND MOTHE HOLDINGS IS REQUIRED BY  
LOUISIANA R.S. 22:691.4 FOR ACQUISITION OF CONTROL  
OF MOTHE LIFE AND D.L.E. LIFE IS APPROVED. I FIND  
THAT BASED UPON THE RECORD AND THE PROCEEDINGS,  
CONSISTENT WITH THE PROCEDURE ORDER, THAT (1) THE  
TRANSACTION MEMORIALIZED IN THE TRANSACTION  
DOCUMENTS ARE SUPPORTED BY THE FAIR, REASONABLE  
AND SUFFICIENT CONSIDERATION; (2) THE PRICE AND  
OTHER CONSIDERATIONS PROVIDED BY SNIC/MOTHE  
HOLDINGS IN CONNECTION WITH THE TRANSACTION  
REPRESENTS THE HIGHEST AND BEST PRICE FOR THE  
SHARES IN THE INSURANCE BUSINESS OF MOTHE/DLE LIFE  
COMPANIES TAKING INTO CONSIDERATION THE INTEREST  
OF THE POLICYHOLDERS AND THE PUBLIC; (3) UPON  
CLOSING AND FUNDING OF THE TRANSACTION, CAUSES AND  
CONDITIONS OF THE REHABILITATION WILL HAVE BEEN  
REMOVED, AND THE PURPOSE FOR REHABILITATION WILL  
HAVE BEEN FULLY ACCOMPLISHED AS DESCRIBED IN  
LOUISIANA R.S. 22:2009(D), AND THAT MOTHE/DLE LIFE

COMPANIES SHOULD BE RELEASED FROM THE REHABILITATION ORDER AND REHABILITATION; AND (4) THAT THE REHABILITATOR THROUGH THE RECEIVER IS FULLY QUALIFIED AND AUTHORIZED TO SIGN IF NECESSARY THE TRANSACTION DOCUMENTS, AND TO CONSUMMATE THE TRANSACTION.

FURTHER, I AM ORDERING THAT I FIND AND DECLARE THAT ANY EQUITY INTEREST IN MOTHE LIFE NOT PREVIOUSLY REDEEMED AND TRANSFERRED TO THE RECEIVER AS TREASURY SHARES AND ANY EQUITY INTEREST IN D.L.E. NOT HELD BY MOTHE LIFE ARE WORTHLESS AND DEEMED REDEEMED AND TRANSFERRED TO MOTHE LIFE EFFECTIVE UPON CLOSING AND FUNDING OF THE TRANSACTION.

ALSO I FIND THAT BASED UPON THE RECORD OF THIS PROCEEDING, THAT UPON EXECUTION OF THE TRANSACTION DOCUMENTS AND CLOSING OF THE TRANSACTION CONTEMPLATED THEREIN (1) THAT SNIC/MOTHE HOLDINGS SHALL HOLD AND CONTROL 100% OF THE ISSUED AND OUTSTANDING SHARES OF THE CAPITAL STOCK OF MOTHE LIFE, AND THAT (2) MOTHE LIFE WILL CONTINUE TO HOLD 100% OF THE ISSUED AND OUTSTANDING SHARES OF CAPITAL STOCK OF D.L.E. LIFE. IT IS ALSO ORDERED THAT THE REHABILITATOR THROUGH THE RECEIVER IS HEREBY AUTHORIZED TO TAKE SUCH OTHER ACTION, INCLUDING BUT NOT LIMITED TO APPROVAL OF DOCUMENTS WHICH DO NOT MATERIALLY ALTER THE TERMS OF THE TRANSACTION WHICH HE DEEMS NECESSARY AND PROPER TO COMPLETE THE TRANSACTION AND/OR TO MAKE OTHER FURTHER MOTIONS AND FILINGS WITH THIS COURT OR ANY OTHER COURT OF COMPETENT JURISDICTION TO AID IN THE IMPLEMENTATION AND

CONSUMMATION OF THE TRANSACTION, AND THAT THE REHABILITATOR THROUGH THE RECEIVER SHOULD USE REASONABLE, BEST EFFORTS TO FACILITATE THE IMPLEMENTATION AND CONSUMMATION OF THE TRANSACTION, INCLUDING BUT NOT LIMITED TO THE TRANSFER OF SHARES TO SNIC/MOTHE HOLDINGS.

I FURTHER ORDER THAT THE EXTENSION ON THE MORATORIUM ON CASH WITHDRAWALS IS GRANTED. I FURTHER ORDER THAT EFFECTIVE UPON THE CLOSING AND FUNDING OF THE TRANSACTION, MOTHE LIFE AND D.L.E. LIFE ARE RELEASED FROM THE COURT'S REHABILITATION ORDER, AND FROM REHABILITATION WITHOUT FURTHER MOTION OR ORDER SUBJECT ONLY TO CLOSING AND FUNDING OF THE TRANSACTION APPROVED BY THIS ORDER.

FURTHER, IT IS ORDERED THAT THE REHABILITATOR THROUGH THE RECEIVER SUBMIT A STATUS REPORT REPORTING TO THE COURT WHETHER CLOSING AND FUNDING THE TRANSACTION HAVE OCCURRED AS PROVIDED IN THE STOCK PURCHASE AGREEMENT AND APPROVED BY THIS ORDER, AND IF CLOSING AND FUNDING HAVE NOT OCCURRED, THIS ORDER SHALL BE NULL AND VOID AB INITIO. IT IS FURTHER ORDERED THAT SNIC/MOTHE HOLDINGS SUBMIT A STATUS REPORT REPORTING TO THE COURT ONLY IF SNIC/MOTHE HOLDINGS ELECTS TO TERMINATE THE EXTENSION OF MORATORIUM ON CASH WITHDRAWALS PRIOR TO THE DATE THAT IS SIX MONTHS AFTER CLOSING AND FUNDING OF THE TRANSACTION.

IT IS FURTHER ORDERED THAT THE STATUTORY RIGHT OF THE REHABILITATOR AND THE RECEIVER REQUEST THE COURT'S CONSIDERATION AND APPROVAL OF FINAL FEES AND EXPENSES OF THESE PROCEEDINGS, AND AUTHORIZATION TO PAY SUCH FEES AND EXPENSES FROM

ACCRUALS AND RESERVES ESTABLISHED FOR THE  
MOTHE/DLE LIFE COMPANIES PRIOR TO THE CLOSING AND  
FUNDING OF THE TRANSACTION IS RESERVED. IT IS  
FURTHER ORDERED THAT THE COURT RETAINS  
JURISDICTION OVER MOTHE LIFE AND D.L.E. LIFE, AND  
OVER THESE PROCEEDINGS UNTIL THE EXTENSION ON  
MORATORIUM ON CASH WITHDRAWALS HAS EXPIRED OR BEEN  
TERMINATED BY THE SNIC/MOTHE HOLDINGS, AT WHICH  
TIME THE REHABILITATOR AND THE RECEIVER SHALL  
REQUEST DISMISSAL OF THESE PROCEEDINGS PROVIDED  
HOWEVER SUCH RETENTION OF JURISDICTION SHALL NOT  
AFFECT THE RELEASE OF MOTHE LIFE AND D.L.E. LIFE  
FROM THE REHABILITATION ORDER AND FROM  
REHABILITATION EFFECTIVE UPON CLOSING AND FUNDING  
OF THE TRANSACTION.

FINALLY, IT IS ORDERED THAT SUBJECT TO THE  
FOREGOING, THE AUTHORITY OF THE COMMISSION TO  
APPEAR IN THIS AND ANY OTHER MATTER IN ORDER TO  
ENFORCE ITS AUTHORITY AND ACTIONS AS REHABILITATOR  
IN THIS PROCEEDING IS RESERVED.

DOES THAT COVER ALL OF THE ISSUES BEFORE THE  
COURT TODAY?

MR. MOORE: YES, YOUR HONOR.

THE COURT: VERY GOOD. IF YOU WOULD FILE A  
JUDGMENT SETTING FORTH MY RULINGS IN THIS, I WILL  
SIGN IT AS SOON AS YOU BRING IT BACK UP TO ME.

MR. MOORE: VERY GOOD. THANK YOU, YOUR  
HONOR, VERY MUCH.

THE COURT: AND LISTEN, I DO WANT TO  
CONGRATULATE ALL OF YOU ON THE HARD WORK AND  
DIFFICULT NEGOTIATIONS THAT TOOK PLACE WITH THIS.  
IT WAS COMPLICATED, IT WAS DIFFICULT. THERE WAS A

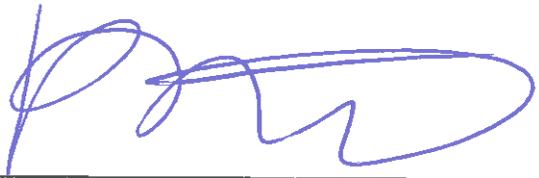
LOT OF REAL ESTATE THAT WAS DIVESTED IN ORDER TO GENERATE FUNDS, AND I WANT TO TELL YOU ALL THAT IT IS NOT LOST ON THIS COURT THE WORK THAT WENT INTO THIS. I HAVE A BUSINESS BACKGROUND AS SOME OF YOU KNOW, AND SO, I AM VERY MUCH AWARE OF HOW MUCH WENT INTO IT, AND I HAVE TO SAY THAT YOU ALL DID AN ADMIRABLE JOB, SO I THANK YOU FOR THAT, AND ALSO, MAKING IT EASY FOR ME TO REVIEW BY MAKING SURE THAT THE PLEADINGS AND THE PAPERWORK COMPORT WITH THE LAW, AND, MA'AM, ESPECIALLY THANK YOU FOR YOUR EFFORTS IN THIS BECAUSE IT COULD NOT HAVE BEEN DONE WITHOUT YOUR EFFORTS. YOU DID A SPECTACULAR JOB. THE COURT APPRECIATES THAT, AS I AM SURE THE POLICYHOLDERS DO TOO.

FOLKS, AT THIS TIME WE WILL STAND IN RECESS.

C E R T I F I C A T E

I, KRISTINE M. FERACHI, CCR, OFFICIAL OR DEPUTY OFFICIAL COURT REPORTER IN AND FOR THE STATE OF LOUISIANA EMPLOYED AS AN OFFICIAL OR DEPUTY OFFICIAL COURT REPORTER BY THE 19TH JUDICIAL DISTRICT COURT FOR THE STATE OF LOUISIANA AS THE OFFICER BEFORE WHOM THIS TESTIMONY WAS TAKEN DO HEREBY CERTIFY THAT THIS TESTIMONY WAS REPORTED BY ME IN THE STENOTYPE REPORTING METHOD, WAS PREPARED AND TRANSCRIBED BY ME OR UNDER MY DIRECTION AND SUPERVISION, AND IS A TRUE AND CORRECT TRANSCRIPT TO THE BEST OF MY ABILITY AND UNDERSTANDING. THE TRANSCRIPT HAS BEEN PREPARED IN COMPLIANCE WITH TRANSCRIPT FORMAT GUIDELINES REQUIRED BY THE STATUTE OR BY RULES OF THE BOARD OR BY THE SUPREME COURT OF LOUISIANA, AND THAT I AM NOT RELATED TO COUNSEL OR TO THE PARTIES HEREIN, NOR AM I OTHERWISE INTERESTED IN THE OUTCOME OF THIS MATTER.

WITNESS MY HAND THIS 7TH DAY OF JANUARY, 2016.



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KRISTINE M. FERACHI  
OFFICIAL COURT REPORTER  
19TH JUDICIAL DISTRICT COURT  
CCR #87173