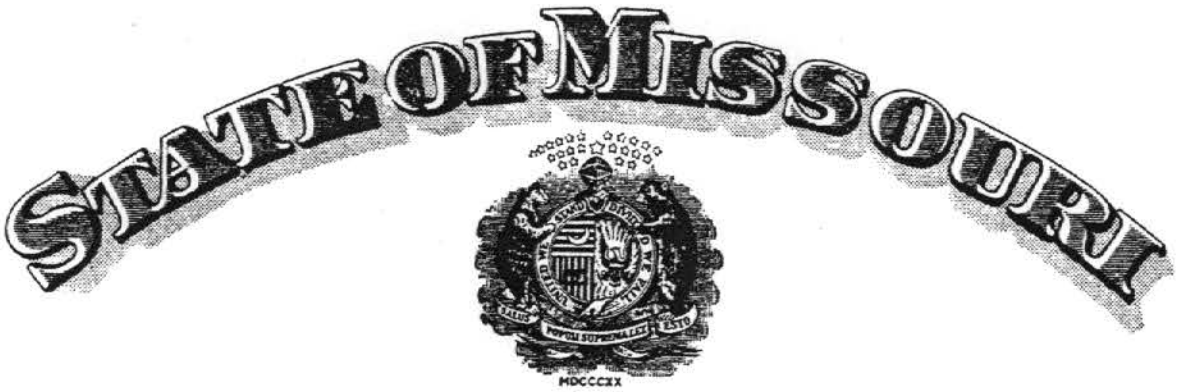

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

IN RE:	**The Proposed Acquisition of:**	)	
		)	
	American Financial Security Life Insurance Company	)	**Case No. 080328293C**
		)	
	by	)	
		)	
	American Financial Security Holdings, Inc.	)	

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Findings of Fact and Conclusions of Law

Based on the testimony and other evidence presented, I, Linda Bohrer, Acting Director of the Department of Insurance, State of Missouri, find and conclude that:

1. On or about March 28, 2008, American Financial Security Holdings, Inc. (AFSH) filed a Form A Statement with the Missouri Department of Insurance, Financial Institutions and Professional Registartion (DIFP) in connection with the proposed acquisition of The American Financial Security Life Insurance Company (AFSLIC), a Missouri stock life insurance company. A public hearing was held regarding the second amended Form A Statement on July 11, 2008, as ordered by the DIFP. The DIFP's Insurance Company Regulation Division appeared by Mark Stahlhuth. Lewis E. Melahn and Michael Camilleri appeared for AFSH.

2. Pursuant to the Form A, AFSH will purchase 100% of the voting stock of AFSLIC. AFSH is a Delaware-domiciled holding company.

3. A preponderance of evidence on the whole record fails to show that:

(A) After the acquisition of AFSLIC by AFSH, AFSLIC will not be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed;

(B) The effect of the acquisition of AFSLIC by AFSH will be to substantially lessen competition in insurance or tend to create a monopoly in this state;

(C) The financial condition of AFSH is such as might jeopardize the financial stability of AFSLIC or prejudice the interests of its policyholders;

(D) AFSH's plans, if any, to liquidate or sell AFSLIC or to consolidate or merge it with other companies or to make any other material change in AFSLIC's business, corporate structure, or management, would be unfair or unreasonable to policyholders of AFSLIC or contrary to the public interest;

(E) The competence, experience, and integrity of AFSH's management are such that it would be contrary to the interest of policyholders of AFSLIC and to the public to permit the acquisition of AFSLIC by AFSH;

(F) The proposed acquisition of AFSLIC by AFSH is likely to be hazardous or prejudicial to the insurance buying public, provided that AFSH and AFSLIC comply with the conditions set forth below in the Order.

ORDER

Based on the foregoing Findings and Conclusions, the proposed acquisition of control of American Financial Security Life Insurance Company (AFSLIC) by American Financial Security Holdings, Inc. (AFSH) is **APPROVED WITH CONDITION**, as follows: As a condition of establishing and maintaining control of AFLIC, AFSH and any persons controlling or affiliated with AFSLIC shall cause AFSLIC to maintain the ratio of its annual gross written premium to policyholders' surplus at no more than five to one (5:1) for each of the years ending December 31, 2008, 2009, 2010, 2011, and 2012, unless the DIFP approves otherwise.

Recommended by the undersigned hearing officer this 21st day of July, 2008.

Tamara W. Kopp, Hearing Officer
Senior Enforcement Counsel

So ordered, signed and official seal affixed this 21st day of July, 2008.

Linda Bohrer, Acting Director