

In the Matter of Southern Life and Health Insurance Company,  
Mr. C. Brent Haggard, and Universal Fidelity Life Insurance Company,

STIPULATION  
AND ORDER

Respondents.

Case No. 20-C43728

WHEREAS, Southern Life and Health Insurance Company, with its current administrative office at 402 Office Park Drive, Suite 101, Birmingham, Alabama 35223, which administrative office is intended to be moved to 815 West Ash Avenue, Duncan, Oklahoma 73534 within 90 days of the date hereof ("Southern Life Respondent"), is subject to the jurisdiction and control of the Office of the Commissioner of Insurance (the "Commissioner") in the State of Wisconsin; and

WHEREAS, a Form A Statement (the "Form A") was filed by Universal Fidelity Life Insurance Company, 13931 Quail Pointe Drive, Oklahoma City, Oklahoma 73134 ("Universal Fidelity Respondent"), pursuant to s. 611.72, Wis. Stats., and s. Ins 40.02, Wis. Adm. Code, dated August 4, 2020, seeking approval from the Commissioner for a change of control of Southern Life Respondent (the "Change in Control Plan"); and

WHEREAS, as a result of the consummation of the Change in Control Plan, Mr. C. Brent Haggard (the "Owner") is the ultimate controlling person of Southern Life Respondent; and

WHEREAS, Universal Fidelity Respondent is currently the principal provider of administrative services to Southern Life Respondent and is a holding under the ultimate control of Owner and the immediate parent Southern Life Respondent; and

WHEREAS, Southern Life Respondent does not have and does not intend to establish any physical office in Wisconsin; and

WHEREAS, Southern Life Respondent, Owner, and Universal Fidelity Respondent (collectively, the "Respondents") and the Commissioner have agreed to certain terms and conditions in conjunction with the Commissioner's approval of the Change in Control Plan.

NOW, THEREFORE, the Respondents and the Commissioner do agree and stipulate to the following terms and conditions:

- (1) The Respondents agree that the Owner is the ultimate controlling person of Southern Life Respondent. The Respondents agree that Owner, and any entity controlled by the Owner, as defined by s. 600.03 (13), Wis. Stat., is currently an affiliate of Southern Life Respondent. Southern Life Respondent agrees that it will not enter into a transaction with the Owner or any entity in which the Owner owns 10% or more of such entity's voting stock or any other affiliate of Southern Life Respondent unless Southern Life Respondent and the Owner comply with ch. 617, Wis. Stat., and ch. Ins 40, Wis. Adm. Code. Southern Life Respondent agrees that it will submit any such transaction which is reportable pursuant to ch. 617, Wis. Stat., or ch. Ins 40, Wis. Adm. Code (including ch. Ins 40, Appendix Form D, Wis. Adm. Code) for review by the Commissioner, and will not enter into the transaction unless the Commissioner does not disapprove the transaction under ch. 617, Wis. Stat., or ch. Ins 40, Wis. Adm. Code. Southern Life Respondent agrees to submit any such transaction that is reportable by filing a Form D.
- (2) Southern Life Respondent agrees that the organizational chart in both the annual Holding Company Registration Statement and the statutory financial statements that are filed on behalf of Southern Life Respondent pursuant to s. Ins 40.03 and s. Ins 50.20, Wis. Adm. Code, respectively, shall disclose the Owner's ownership interest in Southern Life Respondent and in each affiliate which is reportable pursuant to ch. Ins 40, Wis. Adm. Code, and the applicable Annual or Quarterly Statement Instructions for Schedule Y.

- (3) Southern Life Respondent agrees to include in its annual Holding Company Registration Statement an accurate list of all reportable affiliates. Southern Life Respondent shall contact Owner during its preparation of each annual Holding Company Registration Statement and obtain a letter from Owner, listing each entity that Owner owns or controls, as control is defined by s. 600.03 (13), Wis. Stat., 10% or more of the voting securities, together with the ownership percentage in each such entity. Owner agrees to supply Southern Life Respondent with accurate information in Owner's possession, including updates as necessary for Southern Life Respondent to prepare accurate annual and quarterly statutory financial statements.
- (4) The Owner agrees to provide to Southern Life Respondent a statement listing all the Owner's affiliates each year, allowing sufficient time for Southern Life Respondent to timely file its annual Holding Company Registration Statement.
- (5) Universal Fidelity Respondent agrees to provide to Southern Life Respondent a statement listing all the Universal Fidelity Respondent's affiliates each year, allowing sufficient time for Southern Life Respondent to timely file its annual Holding Company Registration Statement. As long as Universal Fidelity Respondent remains the principal provider of administrative services or controls the principal provider of administrative services to Southern Life Respondent, Universal Fidelity Respondent shall inform Southern Life Respondent whether any party with which it is intending to enter into a contract or transaction which is reportable pursuant to ch. 617, Wis. Stat., ch. Ins 40, Wis. Adm. Code, is an affiliate of Southern Life Respondent.
- (6) Southern Life Respondent shall retain each letter received from Owner pursuant to section (4) of this Stipulation and Order and Universal Fidelity Respondent pursuant to section (5) of this Stipulation and Order in the minutes of the meetings of Southern Life Respondent's board of directors.
- (7) Owner agrees that each annual Holding Company Registration Statement of Southern Life Respondent shall include a personal statement of financial position of the Owner as of the most recent calendar year-end (that is, a balance sheet disclosing his total assets, liabilities, and financial net worth), with a signed and notarized personal attestation of the Owner as to its accuracy. The statement of financial position need not be audited by a public accounting firm unless such an audit opinion is requested in writing by the Commissioner at least 120 days before the date on which the statement of financial position is due. The Owner and the Commissioner agree that any such statement of financial position shall be provided on a confidential basis, as allowed by law, pursuant to s. 601.42 (4), Wis. Stat. and s. 601.465, Wis. Stat.
- (8) Southern Life Respondent shall apply to redomicile to another state of the United States of its choosing such that Southern Life Respondent can reasonably be expected to complete the redomestication prior to December 31, 2022. Owner and Universal Fidelity Respondent will provide reasonable cooperation with Southern Life Respondent's efforts to redomicile.
- (9) If Southern Life Respondent has not redomiciled on or before December 31, 2022, Southern Life Respondent shall cease and desist from the writing of new direct or assumed insurance business until such time as Southern Life Respondent successfully effectuates a change of domicile to another state of the United States of its choosing, unless the Commissioner, in its sole discretion, allows additional time for Southern Life Respondent to redomicile or to remain in Wisconsin by establishing its main administrative office in Wisconsin, without ceasing and desisting from the writing of new direct or assumed insurance business.
- (10) Southern Life Respondent shall maintain surplus in excess of its security surplus standard pursuant s. 623.12, Wis. Stat., and s. Ins 51.80 (4), Wis. Adm. Code.

- (11) Southern Life Respondent shall maintain a ratio of total adjusted capital to authorized control level risk-based capital of not less than 400%.
- (12) Southern Life Respondent is responsible for monitoring compliance with this Stipulation and Order. In the event of noncompliance with either paragraph (10) or (11), as calculated based on the most recently available annual statement information, or at any time such noncompliance becomes or should have become known based on statutory accounting principles and practices utilized in the life and health insurance industry, Southern Life Respondent shall have a forty-five (45) business day period following the discovery of the occurrence to either cure the noncompliance at issue through receipt of a capital contribution from Universal Fidelity Respondent, or, if Universal Fidelity Respondent is unwilling or unable to make such capital contribution to Southern Life Respondent, from its ultimate controlling person, C. Brent Haggard, or file a comprehensive plan of corrective actions (“Corrective Plan”) with the OCI. After reviewing the plan, the OCI shall notify Southern Life Respondent, within fifteen (15) business days of receiving the Corrective Plan, whether the Corrective Plan is acceptable to the OCI.
- (13) If Southern Life Respondent is not in compliance with either of paragraphs (10) and (11) and Southern Life Respondent has neither cured the noncompliance at issue nor filed a Corrective Plan acceptable to the OCI within a forty-five (45) business day period following the discovery of the noncompliance, Southern Life Respondent shall cease and desist from the writing of new direct or assumed insurance business, unless the OCI, in its sole discretion, allows additional time for Southern Life Respondent to comply with paragraphs (10) and (11) without Southern Life Respondent ceasing and desisting from the writing of new direct or assumed insurance business.
- (14) For purposes of this Stipulation and Order, the application of the Wisconsin Statutes and the Wisconsin Administrative Code are not modified except as explicitly stated herein.
- (15) The Respondents agree that this Stipulation is made without reservation and constitutes a waiver of valuable rights including a hearing, confrontation and cross-examination of witnesses, production of evidence, making a motion for costs, and judicial review. The Commissioner may enforce this Stipulation and Order. In addition, if one or more of the Respondents are involved in a future administrative or disciplinary action involving the Commissioner, this Stipulation may be considered. The Respondents acknowledge that the Commissioner may make additional orders or subsequently modify or supersede this order by making a subsequent order. However, this Stipulation applies only to this Order as originally issued and each Respondent reserves their rights to contest any other new orders of the Commissioner or any modifications to this Order.

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Date

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C. Brent Haggard  
Chairman, President and Chief Executive Officer  
Southern Life and Health Insurance Company

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Date

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Mr. C. Brent Haggard, on behalf of himself and as  
Ultimate Controlling Person of  
Southern Life and Health Insurance Company

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Date

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C. Brent Haggard  
Chairman, President and Chief Executive Officer  
Universal Fidelity Life Insurance Company

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Date

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Amy J. Malm, Administrator  
Division of Financial Regulation  
Office of the Commissioner of Insurance

ORDER

NOW, THEREFORE, based upon consideration of the Stipulation in this matter, I hereby order that:

- (16) The Respondents shall comply with their agreements as recited in this Stipulation.
- (17) This order shall continue until the earliest of (i) with respect to Owner, until such time or times Owner is not the ultimate controlling person of Southern Life Respondent; (ii) with respect to Universal Fidelity Respondent, until such time or times Universal Fidelity Respondent is no longer an affiliate of Southern Life Respondent; (iii) with respect to Southern Life Respondent, until such time or times as neither Owner or Universal Fidelity Respondent are affiliates of Southern Life Respondent; (iv) until terminated by the Commissioner with written notice to each Respondent to which the order applies at the time of termination; or (v) until Southern Life Respondent has completed redomestication to another state of the United States of its choosing.

Dated at Madison, Wisconsin, this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

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Mark V. Afable  
Commissioner of Insurance