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May 13, 1999

Christine A. Will, Esq.
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
125 West 55th Street
New York, NY 10019-5389

Re: **The Canada Life Assurance Society**
A.R.S. § 44-1844(A)(6)

Dear Ms. Will:

On the basis of the facts set forth in your letter of April 19, 1999, and in reliance on your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona (the "Act") should the transaction take place as set forth in your letter.

As this position is premised upon the facts set forth in your letter, it should not be relied on for any other set of facts or by any other person. Please also note that this position applies only to the registration requirements of the Act; the anti-fraud provisions of the Act continue to be applicable.

We have attached a photocopy of your letter. By doing this, we are able to avoid having to recite or summarize the facts set forth therein.

Very truly yours,

MARK SENDROW
Director of Securities

MS:nrp
Attachment

LEBOEUF, LAMB, GREENE & MACRAE
L.L.P.

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

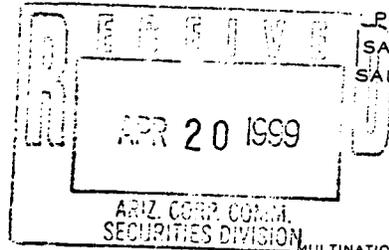
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LONDON
(A LONDON-BASED
MULTINATIONAL PARTNERSHIP)
SÃO PAULO
IN ASSOCIATION WITH
TAVARES GUERREIRO ADVOGADOS

CONFIDENTIAL TREATMENT REQUESTED

Section 44-1844.A(6)

April 19, 1999

VIA FEDERAL EXPRESS

W. Mark Sendrow, Director
Corporation Commission
1300 West Washington Street, 3rd Floor
Phoenix, Arizona 85007-2996

Re: Demutualization of The Canada Life Assurance Company

Dear Mr. Sendrow:

We are United States counsel to The Canada Life Assurance Company ("Canada Life"), a mutual life insurance company organized under the Insurance Companies Act (Canada) (the "Act"), in connection with Canada Life's proposed conversion from a mutual life insurance company to a life insurance company with common shares. This process of conversion (generally referred to as "demutualization") will be accomplished pursuant to a conversion proposal (the "Proposal") under the Act, proposed Mutual Company (Life Insurance) Conversion Regulations to be promulgated thereunder governing the conversion of large life insurers such as Canada Life (the "Regulations") and the Michigan Insurance Code.

We are writing to request written confirmation from you that, for the reasons discussed herein, neither the securities registration nor the dealer or salesperson registration requirements under the Securities Act of Arizona ("your statute") will apply to the transactions contemplated under the Proposal or, if you are unable to provide us with such confirmation, that you will not recommend enforcement action if such transactions are effected without effecting securities, dealer or salesperson registration under your statute.

The Proposed Conversion

Regulatory Framework Pursuant to the Proposal, Eligible Policyholders¹ will generally receive shares of common stock of a newly formed holding company to be incorporated under the Act (the "Holding Company")² in exchange for their Ownership Interests³ in Canada Life. The Act requires that the Proposal be approved by the Canadian Minister of Finance. Further, the Michigan Insurance Code⁴ requires that the Proposal be approved by the Michigan

¹ In accordance with the Regulations, an Eligible Policyholder is expected to be in general defined in the Proposal to be a person who:

- (i) at any time on April 2, 1998, the date on which Canada Life publicly announced its intention to develop the Proposal (the "Eligibility Day"), was the owner of a voting policy;
- (ii) has become the owner of a voting policy, if the voting policy was applied for by that person on or before the Eligibility Day, subject to certain limitations; or
- (iii) was the owner of a voting policy that lapsed before the Eligibility Day but is reinstated no later than the date which is 90 days prior to the date of the special meeting of Eligible Policyholders to consider the Proposal (the "Special Meeting").

The Michigan Insurance Code was recently amended to clarify, among other things, that for a demutualization plan of an alien insurer such as Canada Life's, an "eligible member" means a policyholder eligible to receive a benefit upon demutualization in accordance with the demutualization plan approved in, and the demutualization statute and regulations of, the jurisdiction in which such alien insurer is domiciled. Mich. Ins. Code § 5915(2).

² Prior to the Effective Date, the Holding Company will be a wholly owned subsidiary of Canada Life.

³ As a mutual life insurance company, Canada Life has no authorized, issued or outstanding common stock. Policyholders of Canada Life who hold participating policies have certain ownership rights ("Ownership Interests") in Canada Life as a mutual company, which among other things include the right to vote in the election of directors of Canada Life and the right to receive distributions of the surplus of Canada Life in the event of the liquidation of Canada Life.

⁴ Copies of Sections 5903 and 5915, and relevant provisions of Section 5925, of the Michigan Insurance Code are attached hereto for your convenience as Exhibit A.

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Insurance Commissioner (the "Commissioner").⁵ Under Michigan law, prior to the date on which the Proposal becomes effective (the "Effective Date"), the Commissioner is authorized to and will hold a public hearing and, pursuant to the Michigan Insurance Code, must determine that the Proposal "does not prejudice the interests of members, is fair and equitable and is not inconsistent with the purposes and intent of" the Michigan Insurance Code. Accordingly, the Proposal will provide that it cannot become effective, or be amended, without the approval of the Commissioner. The Proposal must also be approved by a vote of not less than two-thirds of the votes of the Eligible Policyholders voting thereon at the Special Meeting

The Commissioner has stated his intention to hold a public hearing (the "Hearing") on the Proposal in 1999, prior to the Special Meeting of Canada Life's policyholders and prior to approval by the Commissioner. Each U.S. Eligible Policyholder will receive notice of the time, date and place of the Hearing. The notice will state that the U.S. Eligible Policyholders of Canada Life will have the right to appear and be heard at the Hearing and will inform them of the procedures to be followed in order to exercise such rights. Notice of the Hearing will also be published by Canada Life as a display advertisement no less than 30 days prior to the Hearing in at least three newspapers of general circulation.

The Commissioner must issue an order approving or disapproving the Proposal within 90 days after submission of the Proposal to the Commissioner. Such approval order will be final and binding, subject only to judicial review in accordance with Michigan law.

As of April 2, 1998, Canada Life had approximately 380,000 Eligible Policyholders worldwide, of which approximately 207,000 were resident in Canada, 74,000 in the United Kingdom, 55,000 in the Republic of Ireland and 43,000 in the United States.

In addition to the approximately 43,000 participating policyholders who hold policies issued by Canada Life's U.S. branch ("Branch Policyholders"), Canada Life has approximately 4,000 policyholders whose policies were issued by Canada Life outside the U.S.

⁵ Canada Life conducts a substantial portion of its U.S. operations through its U.S. branch. This U.S. branch is not a separate subsidiary but instead refers to the operations of the parent company conducted in the United States. In order to operate on a branch basis in the U.S., an alien insurer such as Canada Life must first select a state as the state of entry for its U.S. branch. The insurance regulator of the state of entry becomes the primary regulator in the United States of that company's U.S. operations. Michigan is the state of entry for Canada Life's U.S. branch; as a result, under Michigan law, the U.S. branch is subject to all laws applicable to an insurer domiciled in Michigan, unless otherwise provided. Mich. Ins. Code § 431(b). Canada Life's U.S. branch is qualified as a licensed insurer in the State of Michigan and is licensed in the District of Columbia and all states except New York.

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and who have since moved their residence as reflected in Canada Life's records to the United States ("Migrant Policyholders"). Canada Life's intention is to deliver notice of the Hearing to all Branch Policyholders and all Migrant Policyholders and to provide the Commissioner with information sufficient to make a determination about the fairness of the Proposal to all such policyholders. The Commissioner has indicated his intention to permit such notice to be given and to include all such policyholders in his finding of fairness and approval order. In the event that the Migrant Policyholders were not included in the policyholders to whom notice is given or included in the Commissioner's approval, they would be included in the policyholders receiving a direct payment of cash upon demutualization instead of Holding Company common stock, as described below. In this discussion, "U.S. Eligible Policyholders" refers to all Branch Policyholders and, unless as a category they do not receive notice of and an opportunity to be heard at the Hearing or are not included in the Commissioner's approval, the Migrant Policyholders.

Policyholder Vote. Under the Regulations, the Proposal must be approved by the affirmative vote of not less than two-thirds of the votes of the Eligible Policyholders voting thereon in person or by proxy at the Special Meeting, which will be held in Toronto, Ontario. Each Eligible Policyholder is entitled to one vote on a special resolution to approve the Proposal, without regard to the number of voting policies held. Canada Life will mail notice of the time, date and place of the Special Meeting to Eligible Policyholders not less than 45 days and not more than 75 days prior to the date of the Special Meeting. Such notice will inform such Eligible Policyholder of his or her right to vote at the Special Meeting and will be accompanied by a form of proxy, a copy of the Conversion Proposal, other information relevant to the policyholder vote as specified by the Regulations and in the case of the U.S. Eligible Policyholders, the Hearing notice described above (collectively, the "Policyholder Information Guide").

The Policyholder Information Guide will be prepared in accordance with the Act and securities laws in Canada. The Ontario Securities Commission, the principal Canadian securities regulator for Canada Life, is expected to grant relief from the prospectus requirements in Canada that would relate to the distribution by the Holding Company of its shares to policyholders on the basis that the Policyholder Information Guide will contain prospectus level disclosure in accordance with the Regulations and Canadian securities laws, policies and customs. In addition, the disclosure regarding Canada Life and the demutualization contained in the Guide will be substantially similar to the disclosure to be contained in the prospectus for the Initial Public Offering (discussed *infra*). The Initial Public Offering prospectus will be filed with and reviewed by Canadian securities regulators.

Effect of the Conversion. On the Effective Date, (i) Canada Life will convert from a mutual company to a stock company; (ii) all Ownership Interests of Canada Life's policyholders will be extinguished; (iii) each Eligible Policyholder shall be entitled to receive shares of Holding Company common stock, or in limited situations, cash or policy credits; (iv) Canada Life shall surrender to the Holding Company, and the Holding Company shall cancel, all of the Holding

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Company stock previously issued by the Holding Company to Canada Life and held by Canada Life immediately prior to the Effective Date; and (v) the Holding Company will receive all of the common stock of Canada Life. As a result of the foregoing, on the Effective Date Canada Life will become a wholly owned subsidiary of the Holding Company.

Upon the Proposal becoming effective, all policies of Canada Life will remain in force and all policy premiums, coverage, values, guarantees and benefits will remain unchanged. The holders of participating policies in force will retain the right to receive dividends as provided in such participating policies, if any. Under the Act, the participating policyholders of Canada Life, voting as a separate class, will have the right following conversion to elect one-third of the directors of Canada Life; the remaining two-thirds of Canada Life's directors will be elected by the Holding Company as Canada Life's sole stockholder.

Canada Life intends to seek a private letter ruling from the Internal Revenue Service (the "IRS") to the effect that, under established positions of the IRS, the demutualization will be tax-free under the Internal Revenue Code of 1986, as amended.

The Proposal provides that Eligible Policyholders will receive consideration in the form of shares of common stock of the Holding Company, cash or policy credits in an amount equal to the full value of Canada Life. Each Eligible Policyholder will be paid consideration based on the allocation to such Eligible Policyholder of a number of shares of Holding Company common stock equal to the sum of (i) a fixed component of consideration to be issued to each Eligible Policyholder regardless of the number of policies held by such policyholder and (ii) a variable component determined separately with respect to each participating policy held by the Eligible Policyholder. Although the factors to be used for calculation of the variable component are still being developed, they may include the participating policy's amount of annual premiums, cash value and length of time in force with Canada Life.

Generally, Eligible Policyholders will be issued shares of Holding Company common stock for the portion of consideration allocated to such Eligible Policyholder. In limited cases, Eligible Policyholders will receive cash or policy credits in an amount equivalent to the value of the Holding Company common stock to which they would otherwise have been entitled. Although the categories of Eligible Policyholders who will receive cash or policy credits have not been finalized, it is expected that they will include, among others, persons whose mailing address is outside the United States, Canada, the United Kingdom and the Republic of Ireland and individuals who own tax qualified retirement policies issued directly by Canada Life.

The Offerings. In connection with the Proposal, it is currently contemplated that the Holding Company will conduct an underwritten initial public offering (the "Initial Public Offering") of shares of its common stock in Canada and may also conduct a concurrent private placement of its common stock in the United States (the "Rule 144A Offering" and, with the Initial Public Offering, the "Offerings"). The Initial Public Offering would be conducted in

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accordance with Regulation S under the Securities Act. The Rule 144A Offering would be a private placement to an underwriting syndicate expected to be co-led by Donaldson, Lufkin & Jenrette Securities Corporation which would make resales pursuant to Rule 144A under the Securities Act. The Offerings would be consummated either on the Effective Date shortly following effectiveness of the Proposal or on the day after the Effective Date. The Offerings are expected to consist of a primary offering of shares of common stock by the Holding Company and, as discussed below, a secondary offering by certain Canada Life policyholders who elect to resell shares of Holding Company common stock received in the demutualization. In connection with the demutualization and the Initial Public Offering, the Holding Company will apply to list Holding Company common stock for trading on The Toronto Stock Exchange and the Montreal Exchange, but not on any United States securities exchange or through any U.S. automated inter-dealer quotation system. The Holding Company will qualify for exemption from the requirements of Section 12(g) of the Securities Exchange Act of 1934 by providing information pursuant to Rule 12g3-2(b) thereunder.

Discussion of Registration Requirements Under Your Statute

We respectfully submit that the securities transactions contemplated under the Proposal could be considered to be of the kind described in your statute, at Arizona Revised Statutes, as amended ("A.R.S."), § 44-1844.A(6), which exempts from securities registration "any transaction or series of transactions incident to a statutory or judicially approved reorganization, merger, triangular merger, consolidation, or sale of assets, incident to a vote by securities holders pursuant to the articles of incorporation, the applicable corporate statute or other controlling statute, a partnership agreement or the controlling agreement among securities holders."

It should be noted that, pursuant to the requirements under the Michigan Insurance Code applicable to demutualizations of Michigan licensed insurers, the Proposal is subject to approval by at least two-thirds of the votes cast by the Eligible Policyholders at the Special Meeting and is also subject to the approval of the Michigan Insurance Commissioner after notice and public hearing, which administrative approval is subject to judicial review under Michigan law. Thus the conversion and reorganization of the Company could be viewed as a "statutory reorganization" under the above-cited exemption.

In addition, the demutualization of Canada Life contemplated by the Proposal could be viewed as a transaction which is substantially similar to a "merger, triangular merger" or "sale of assets" as contemplated under A.R.S. § 44-1844.A(6), in that the Proposal contemplates a reorganization of Canada Life by way of the exchange of Ownership Interests of Eligible Policyholders for Holding Company common stock, which exchange is subject to the approval of not less than two-thirds of the votes cast by the Eligible Policyholders voting thereon at the Special Meeting. While the Ownership Interests are not securities, such interests do entitle policyholders to vote for the directors of Canada Life and to receive distributions of the surplus of Canada Life in the event of liquidation. Consequently, the exchange of such Ownership Interests

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for securities in the Holding Company will effect a reorganization that is substantially similar to a "merger" or a "sale of assets, incident to a vote by securities holders pursuant to the articles of incorporation, the applicable corporate statute or other controlling statute...."

Based upon the foregoing reasoning, we submit that neither the securities registration nor the dealer or salesperson registration requirements under your statute should apply to the issuance of Holding Company common stock pursuant to the Proposal to Eligible Policyholders in your state.

Lastly, due to the highly regulated nature of the insurance industry, as evidenced by the requirements that the transactions contemplated under the Proposal be approved by the Michigan Insurance Commissioner and that such transactions meet the requirements for reorganizations and conversions of mutual insurance companies contained in the Michigan Insurance Code, we respectfully suggest that such transactions are not the kind for which securities, dealer or salesperson registration is necessary or appropriate for the protection of investors.

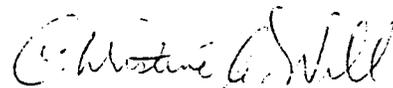
* * *

Based upon the foregoing, we hereby request written confirmation from you that (i) the issuance of Holding Company common stock to U.S. Eligible Policyholders pursuant to the Proposal will constitute an exempt transaction under your statute or (ii) if you are unable to confirm the foregoing, that you will not recommend enforcement action if the proposed transactions are effected in your state without registration of the Holding Company common stock and without registration of the Holding Company as a dealer or of individuals representing the Holding Company in effecting such transactions as dealers or salespersons under your statute.

We are enclosing herewith a check in the amount of \$200 to cover the required filing fee for this request.

Because of the importance of the demutualization to Canada Life, we would appreciate hearing from you at your earliest convenience. If you have any questions or would like additional information, please do not hesitate to telephone the undersigned at (212) 424-8138. In particular, if you are inclined to respond in the negative to any aspect of our request, we would appreciate the opportunity to discuss the issues herein before a final determination is made.

Sincerely,



Christine A. Will