OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK AND HOLDING COMPANY ACQUISITION

Order No.: 2000-18
Date: February 15, 2000

The National Association of Mutual Insurance Companies ("NAMIC") and Assurance Partners Bancorp ("Bancorp"), both of Indianapolis, Indiana (collectively, the "Applicants"), have applied for approval of the Office of Thrift Supervision (the "OTS") pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3 for permission to organize and acquire Assurance Partners Bank, Carmel, Indiana (the "Savings Bank") (collectively, the "Applications").

The OTS has considered the Applications under the factors set forth in 12 U.S.C. §§ 1464(e) and 1467a(e); 12 C.F.R. §§ 543.3, 552.2-1 and 574.7; and other applicable statutes and regulations. The OTS also has considered the Applications under the Community Reinvestment Act (the "CRA"), 12 U.S.C. § 2901 et seq., and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, the OTS has considered a digest from the Central Regional Office, an analysis prepared by the Office of Examination and Supervision, an analysis from Compliance Policy, and a legal opinion from the Business Transactions Division (collectively, the "Staff Memoranda").

The Applicants requested that the OTS waive the requirements under 12 C.F.R. §§ 543.3(d)(1) and (2) which require that a majority of the Savings Bank's directors be representative of the state in which the Savings Bank will be located and that not more than one-third of the directorate be in closely related businesses, respectively. For the reasons set forth in the Staff Memoranda, the OTS has concluded that the waiver request meets the standard set forth in 12 C.F.R. § 500.30(a), and, in particular, that good cause exists to grant the waiver. Therefore, the waiver of the above described requirements of sections 543.3(d)(1) and (2) is granted.

For the reasons set forth in the Staff Memoranda, the OTS finds that the Applications satisfy the applicable approval standards, other than sections 543.3(d)(1) and (2), provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee ("Regional Director"). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The Savings Bank and the Applicants must receive all required regulatory approvals prior to consummation of the transaction with copies of all such approvals provided to the Regional Director;
2. The proposed transaction must be consummated no later than 120 calendar days from the date of this Order;

3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Savings Bank and the Applicants must certify to the Regional Director, in writing, that no material adverse events or material adverse changes have occurred with respect to the financial condition or operations of the Savings Bank and the Applicants, respectively, since the date of the financial statements submitted with the Applications;

4. The Savings Bank must advise the Regional Director in writing within five calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction and of the Savings Bank's insurance of accounts; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the application and this Order;

5. The Savings Bank must submit independent audit reports to the Regional Director for its first three fiscal years. These reports must be in compliance with the audit rules set forth in 12 C.F.R. § 562.4;

6. At least 45 days prior to commencing operations, the Savings Bank must submit to the Regional Director for his review and approval, a plan that includes, at a minimum, the following components:

   (i) a comprehensive compliance management plan that describes an ongoing system for assuring compliance with Federal fair lending and consumer protection statutes and regulations, procedures that will be implemented to train and oversee all persons who offer or process Savings Bank products; and that address the handling of consumer inquires or complaints concerning transactions involving the Savings Bank employees, member insurance companies and their agents, vendors, and any other affiliates;

   (ii) loan underwriting standards for each major credit product, including standards for pricing each product; and

   (iii) written assurance that compliance with the Real Estate Settlement Procedures Act will be monitored on an ongoing basis; and Holding Company agents and agencies will not receive, directly or indirectly, any thing of value for referral of loans subject to the Real Estate Settlement Procedures Act;

7. At least 30 calendar days before beginning operations, the Savings Bank must submit to the Regional Director a copy of the final agreement to be used between the Savings Bank and the member insurance companies defining the role of each party;
8. At least 30 calendar days before beginning operations, the Savings Bank must submit to the Regional Director a report identifying each function being out-sourced to third party vendors, including the name of the service provider. During the first three years of operations, significant changes to this report must be communicated to the Regional Office within 30 days before the change;

9. The shareholder of Bancorp’s Class C Stock may not sell the Class C Stock pursuant to Article V, Sections 5(ii) or (iii) of Bancorp’s Articles of Incorporation prior to the elimination of Sections 5(ii) and (iii) from Bancorp’s Articles of Incorporation, from the terms of the Class C stock, and from all related agreements, and Bancorp and the shareholder of Bancorp’s Class C Stock must submit copies of all amended documents to evidence that changes to the terms of the Class C Stock were approved at Bancorp’s first annual meeting and agreed to by all parties;

10. For the five years following consummation of the transaction, the Savings Bank must maintain tangible capital at or above 10 percent. In the event that the Savings Bank’s tangible capital falls below 10 percent during the period covered by this condition, within 30 days of the Savings Bank’s receipt of notice of such deficiency, the Applicants must file with the Regional Director: (i) a plan to restore the Savings Bank’s tangible capital to 10 percent or more within 90 days; or (ii) a plan for the sale or dissolution of the Savings Bank within 90 days. Notice of deficiency occurs at the earliest of: (i) discovery of a deficiency by management of the Savings Bank; (ii) the filing of a Thrift Financial Report (“TFR”) with the OTS indicating noncompliance with the 10 percent tangible capital requirement; (iii) delivery of a final report of examination to the Savings Bank indicating noncompliance with the 10 percent tangible capital requirement; or (iv) delivery of written notice of deficiency provided by the OTS to the Savings Bank. Upon notice of the deficiency, the Savings Bank may not engage in any growth, other than pursuant to the standards set forth in OTS Regulatory Bulletin No. 3b “Policy Statement on Growth for Savings Associations,” or as otherwise approved in writing by the Regional Director. If the Regional Director disapproves the plan, the Savings Bank will receive notice of the disapproval and the Applicants must sell or dissolve the Savings Bank within 60 days of receipt of such notice. Where the action set forth in an approved plan that contemplates the restoration of the Savings Bank’s tangible capital to 10 percent is not completed within 90 days of the plan’s approval, the Applicants must sell or dissolve the Savings Bank within 60 days after expiration of the 90 day period. Where an approved plan contemplates the sale or dissolution of the Savings Bank, the sale or dissolution must occur within the period set forth in the plan. The Applicants must obtain approval of the Regional Director for any proposed sale or disposition of the Savings Bank required under this condition;

11. Within 30 days from the date of this Order, the Savings Bank must submit an updated business plan that is acceptable to the Regional Director and that reflects all material changes made to the business plan between the date of its original submission and the date of this Order;
12. The Savings Bank must operate within the parameters of its business plan. The Applicants and the Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Applicants) and, in particular, those pertaining to cross-marketing of any products of the Savings Bank, of its affiliates and of the Members, for the prior, written non-objection of the Regional Director. The request for any change must be submitted a minimum of 30 calendar days before the proposed change is implemented;

13. At least 15 days before engaging in business in any additional states beyond Indiana, Massachusetts, Virginia and Pennsylvania, the Savings Bank must notify the Regional Director of the states to be entered. This condition may be rescinded any time after the third year of the Savings Bank's operations upon request by the Savings Bank and at the discretion of the Regional Director;

14. Within one year of commencing lending operations in any state, the Savings Bank must review, in that state, the extent of the member investors' agents participation in the distribution of the Savings Bank's credit products, including home mortgages, and the anticipated effect of that participation on the Savings Bank's prospective CRA and fair lending performance in that state. The Savings Bank must provide written reports to the Regional Director detailing the results of these reviews and describing the Savings Bank's response to any anticipated performance deficiencies;

15. The Savings Bank must submit quarterly variance reports depicting the Savings Bank's operations versus the submitted business plan to the Regional Director within 45 days of the end of each quarter for the first three years of operation;

16. The Applicants, its affiliates and the Savings Bank must comply with the anti-tying restrictions of 12 U.S.C. §§ 1464(q) and 1467a(n) and must develop written procedures to effect such compliance. The procedures must disclose any proposed bundling arrangements and must be submitted for the review and non-objection of the Regional Director prior to the opening of the Savings Bank for business;

17. Within 90 days of the commencement of operations, the Savings Bank must submit to the Regional Director for prior approval its selection for an additional director residing in the State of Indiana and with professional experience outside of the insurance industry;

18. Prior to the Savings Bank’s appointment of any officer not yet named in the Applications, the Savings Bank must submit the individual’s name and background information for review and written non-objection by the Regional Director, or his designee;

19. Any contracts or agreements pertaining to transactions with affiliates not yet submitted to the OTS for review must be provided to the Regional Director and shall receive his written non-objection prior to execution;
20. The Savings Bank must include in its internal audit program written policies and procedures
to monitor compliance with the terms of the agreements with the member insurance
companies and their agents and to ensure adequate training for the member insurance
companies and their agents;

21. At least 30 calendar days before beginning operations, the Savings Bank must submit written
evidence, acceptable to the Regional Director, that its data systems, programs, software and
business applications will operate properly; and

22. The Savings Bank and the participating Members must comply with, at a minimum, the
General Guidelines in Disclosure and Advertising set forth in the InterAgency Statement on
Retail Sales of Nondeposit Investment Products, OTS Thrift Bulletin 23-2, whenever
Members' agents market products of the Savings Bank.

Any time specified herein may be extended by the Regional Director, for good cause, for
up to 120 calendar days.

This approval order shall also serve as notice to the Savings Bank that the OTS reserves
the authority to evaluate the appropriateness of marketing disclosures as they pertain to the
differentiation between insured and uninsured products by having its examiners periodically, and
without identification as OTS employees, solicit the Savings Bank or individual agency offices of
the participating members of NAMIC and affiliates for information on non-deposit investment or
insured products.

By order of the Director of the Office of Thrift Supervision, or her designee, effective

\underline{February 15, 2000.}

Richard M. Riccobono
Deputy Director