



State of Utah

DEPARTMENT OF COMMERCE DIVISION OF SECURITIES

Protecting Investors; Promoting Commerce

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May 18, 1999

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

Re: Demutualization of Canada Life

Entity #/File #006-6915-46/B00125606

Dear Ms. Will:

The Utah Division of Securities ("Division") is responding to your May 3, 1999 request for a no-action letter, pursuant to authority granted by §61-1-25(5) and § 61-1-24 of the Utah Uniform Securities Act ("Act") and Utah Administrative Code ("UAC") R164-25-5.

Based on the facts presented in your request, the Staff of the Division will not recommend any enforcement or administrative action should the transaction proceed as outlined in your request. To avoid unnecessary restatement or summarization of the facts set forth in your request, a copy of your request is attached.

This response does not purport to express any legal conclusions regarding the applicability of statutory or regulatory provisions of federal or state securities laws to the questions presented. It merely expresses the opinion of the Division Staff on enforcement or other administrative actions.

As this recommendation is based upon the representations made to the Division, any different facts or conditions of a material nature might require a different conclusion. Furthermore, this no-action letter relates only to the transaction described in your request and will have no value for future similar transactions and does not absolve any party involved from complying with the anti-fraud provisions contained in § 61-1-1 of the Act.

Respectfully,

UTAH DIVISION OF SECURITIES

Sharon A. Abbott
Supervisor of Corporate Finance

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

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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

CONFIDENTIAL TREATMENT REQUESTED

Section 61-1-14(2)(p)

May 3, 1999

VIA FEDERAL EXPRESS

Mark J. Griffin, Director
Department of Commerce
Division of Securities
160 East 300 South, 2nd Floor
Salt Lake City, Utah 84114

Re: Demutualization of The Canada Life Assurance Company

Dear Mr. Griffin:

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 agent registration requirements under the Utah Uniform Securities Act ("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 and agent 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.

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.

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Further, the Michigan Insurance Code⁴ requires that the Proposal be approved by the Michigan 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.

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.

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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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. 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.

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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 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 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 Section 61-1-14(2)(p), which exempts from securities registration any transaction or series of transactions involving a merger, consolidation, reorganization, recapitalization, reclassification, or sale of assets, if the consideration for which, in whole or in part, is the issuance of securities of a person or persons, and if: (i) the transaction or series of transactions is incident to a vote of the securities holders of each person involved or by written consent or resolution of some or all of the securities holders of each person involved; (ii) the vote, consent or resolution is given under a provision in: (A) the applicable statute or other controlling statute; (B) the controlling articles of incorporation, trust indenture, deed of trust, or partnership agreement; or (C) the controlling agreement among securities holders; (iii) (A) one person involved in the transaction is required to file proxy or informational materials under the Securities Act of 1934 (the "1934 Act") and has so filed; (B) one person involved is an insurance company which is exempt from filing under Section 12(g)(2)(G) of the 1934 Act, and has filed proxy or informational materials with the appropriate regulatory agency or official of its domiciliary state; or (C) all persons involved in transaction are exempt from filing under Section 12(g)(1) of the 1934 Act, and file with the Utah Securities Division such proxy or informational material as the Division requires by rule; (iv) the proxy or informational material is filed with the Division and distributed to all securities holders entitled to vote at least 10 working days prior to any vote or consent and (v) the division does not, by order,

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deny or revoke the exemption within ten working days after filing of the proxy or informational materials.

The demutualization of Canada Life contemplated by the Proposal could be viewed as a transaction coming within the provisions of Section 61-1-14(2)(p), 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. The exchange of such Ownership Interests for securities in the Holding Company will effect a reorganization that is substantially similar to a "merger," "reorganization," or "sale of assets."

In addition, 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 Canadian Minister of Finance and 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 or agent registration is necessary or appropriate for the protection of investors.

* * *

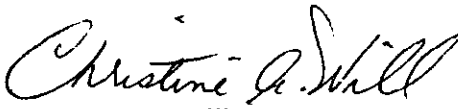
Based upon the foregoing, we hereby request written confirmation from you that (i) the issuance of Holding Company common stock to U.S. Eligible Policyholders pursuant to the Proposal will constitute an exempt transaction under your statute or (ii) if you are unable to confirm the foregoing, that you 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 individuals representing the Holding Company in effecting such transactions as agents under your statute.

We are enclosing herewith a check in the amount of \$120 to cover the required filing fee for this request.

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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

Kindly acknowledge receipt of this filing by signing the enclosed duplicate of this letter and returning it in the envelope provided.

Received by: _____

Date: _____