Progressive Savings Bank, FSB, Jamestown, Tennessee (Savings Bank) has applied to the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. § 1828(m) and 12 C.F.R. Part 559, to establish a second-tier, wholly owned service corporation, Progressive Life Insurance Co. (Service Corporation), to reinsure credit life and disability insurance issued on loans originated by the Savings Bank.

OTS has considered the application under the standards set forth at 12 U.S.C. § 1464(c)(4)(B) and 12 C.F.R. Part 559. In addition, OTS has considered the digests prepared by the Central Regional Office and the Office of Examination Policy, and a legal opinion from the Business Transactions Division (collectively, the Staff Memoranda).

For the reasons set forth in the Staff Memoranda, OTS has concluded that the establishment of the Service Corporation would comply with all applicable statutes and regulations. Accordingly, the application is hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee (Regional Director):

1. The Savings Bank must obtain all required regulatory approvals for the proposed transaction and submit copies of all such approvals to the Regional Director or his designee prior to consummation of the proposed transaction; and

2. The Service Corporation must commence the activities proposed in the application no later than twelve months from the date of this approval order, unless the Regional Director or his designee grants an extension.

3. While the Service Corporation is a subsidiary of the Savings Bank, the Savings Bank, for purposes of calculating its regulatory capital as provided in 12 C.F.R. § 567.6(a)(2)(i)(C), must treat the amount of the Service Corporation's maximum reinsurance obligation on loans that the Savings Bank has sold as loans with recourse.

By order of the Director of the Office of Thrift Supervision, or her designee, effective March 20, 2001.