

STATE OF WASHINGTON

Phone: (360) 725-7000  
www.insurance.wa.gov

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER



FILED

OFFICE OF  
INSURANCE COMMISSIONER  
HEARINGS UNIT

2011 FEB - 8 A 10:11

Fax: (360) 664-2782

Patricia D. Petersen  
Chief Hearing Officer  
(360) 725-7105

Hearings Unit, DIC  
Patricia D. Petersen  
Chief Hearing Officer  
Nicole Kelly  
Paralegal  
(360) 725-7002  
[nicolek@oic.wa.gov](mailto:nicolek@oic.wa.gov)

BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the Redomestication of: )  
)  
UNIGARD INSURANCE COMPANY, )  
AND )  
UNIGARD INDEMNITY COMPANY, )  
)  
Authorized Domestic Insurers. )  
\_\_\_\_\_)

**Docket No. 10-0236**  
**NOTICE OF HEARING ON**  
**APPLICATION FOR**  
**REDOMESTICATION**

**TO:** Peter Kurt Christen  
President & CEO  
Unigard Insurance Company  
Unigard Indemnity Company  
15805 NE 24<sup>th</sup> Street  
Bellevue, WA 98008

Michael M. Smith, Esq.  
Assistant General Counsel  
QBE Americas, Inc.  
One General Drive  
Sun Prairie, WI 53596

Jennifer J. Vernon, Esq.  
General Counsel  
QBE Americas, Inc.  
One General Drive  
Sun Prairie, WI 53596

**COPY TO:** Mike Kreidler, Insurance Commissioner  
Michael G. Watson, Chief Deputy Insurance Commissioner  
James T. Odiorne, CPA, JD, Deputy Commissioner, Company Supervision Div.  
Ronald Pastuch, Holding Company Manager, Company Supervision Division  
Gayle Pasero, CPCU, Company Licensing Manager, Company Supervision Div.  
Carol Sureau, Esq., Deputy Commissioner, Legal Affairs Division  
Charles D. Brown, Esq., Sr. Staff Attorney, Legal Affairs Division  
Office of the Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255



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On May 26, 2010, Unigard Insurance Company and Unigard Indemnity Company (collectively, "Unigard") filed an Application for Redomestication ("Application") with the Washington State Insurance Commissioner ("OIC"), requesting the OIC's approval to transfer their corporate domiciles from Washington State to the state of Wisconsin. Unigard's Application, which includes detailed information about these companies and their affiliates, their reasons for applying to redomesticate to Wisconsin, organizational charts, fiscal statements, intercompany agreements, management and other information, and their intentions regarding the conduct of their insurance business in Washington state in the future, are included in the hearing file and are published on the OIC's website at <http://www.insurance.wa.gov/orders/hearings.shtml>. Briefly, as shown in Unigard's Application (organizational charts beginning at p. 94), Unigard is part of an extremely large financial organization operating worldwide: QBE Insurance Group Limited, an Australian group holding company, is the ultimate parent company of the insurance portion of this global financial organization. It is the parent company of QBE Holdings (Americas) PTY Limited, a UK holding company, which is the parent of QBE Holdings, Inc., a Delaware holding company. QBE Holdings, Inc. is the parent company of QBE Regional Companies (N.A.), Inc., a Delaware corporation, which is the parent company of Unigard Insurance Company, Unigard Indemnity Company and many other insurance companies. [Contrary to Unigard's May 26 letter, pursuant to Unigard's organization chart filed at that time, General Casualty Company of Wisconsin is not Unigard's parent company.]

On December 8, 2010, pursuant to RCW 48.04.010(1), Gayle Pasero, CPCU, Company Licensing Manager in the OIC's Company Supervision Division, filed said Application with the undersigned with the request that she conduct the adjudicative proceeding herein and enter the final order approving or disapproving Unigard's Application for Redomestication.

The redomestication of Unigard is controlled by Title 48 RCW and, specifically, RCW 48.07.210(2). Pursuant to RCW 48.07.210(2), *[t]he commissioner shall approve any proposed transfer of domicile unless the commissioner determines after a hearing, pursuant to such notice as the commissioner may require, that the transfer is not in the best interests of the public or the insurer's policyholders in this state.* Upon transfer of domicile, the insurer ceases to be a domestic insurer of this state. If otherwise qualified under the laws of this state, the OIC shall admit the insurer to do business in this state as a foreign insurer. If the OIC fails to approve a proposed transfer of domicile, it shall state the reasons for failure to approve the transfer in an order issued after the hearing.

In its abovereferenced May 26, 2010 letter transmitting this Application, Unigard advises that it intends to still conduct its insurance business in Washington State as a foreign insurer and believes that it will qualify and become licensed as such without interruption. Unigard wishes to redomesticate to Wisconsin as part of a larger restructuring plan designed to achieve operating economies and management efficiencies, that it has eliminated some companies in its holding company group through mergers and has some companies for sale, and that it desires to consolidate as many companies as possible under one regulator to streamline compliance efforts. Unigard also advises that at this time it does not anticipate that the redomestication of Unigard to Wisconsin will affect its employment plans in Washington, as certain administrative functions

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and certain claim functions are already handled by consolidated support units in Wisconsin. Unigard advises that claim handling and agency management will continue to be performed by employees in Unigard's branch offices. As above, Unigard's details and explanations are included in the hearing file and are published on the OIC's website.

Accordingly, **YOU ARE HEREBY NOTIFIED that a hearing will be held commencing on Friday, February 25, 2011, at 10:00 a.m. Pacific Standard Time.** At the request of Unigard and by authority given to the undersigned pursuant to RCW 34.05.449(3), the hearing will be held by telephone. The purpose of this hearing, which will include all parties, is to consider Unigard's Application for Redomestication. Pursuant to RCW 48.07.210, approval of these applications are conditioned, in part, upon a finding by the undersigned, based upon evidence presented by testimony and documents at the hearing, that there has been reasonable notice given, and that the redomestication is in the best interest of the public and Unigard's Washington policyholders. In this regard, one authorized representative of each company shall appear as a witness to testify as to whether, and why, the proposed redomestication is in the best interests 1) of the public; 2) of Washington policyholders, including whether their rights and privileges under their Unigard contracts are protected; and 3) of the company. An acceptable duly authorized representative would be an officer, director or in-house counsel for each company.

Likewise, testimony from the OIC is expected regarding whether, and why, the OIC believes this proposed redomestication is in the best interests 1) of the public; 2) of Washington policyholders including whether their rights and privileges under their Unigard contracts are protected; and 3) of the company. In addition, the OIC is expected to testify 4) as to whether reasonable notice to the public of this Application and hearing has been given; and 5) as to the status of Unigard's application to domesticate in the state of Wisconsin.

All written testimony is expected to be submitted at least 3 business days prior to the date of the hearing. During their testimony at hearing, all witnesses will be asked whether they have received any comments, complaints or concerns from any individual(s) concerning this proposed redomestication and should be prepared with that information.

The OIC will appear pro se, represented by Charles D. Brown, Esq., Senior Staff Attorney of its Legal Affairs Division. Mr. Brown's address is Office of the Insurance Commissioner, Legal Affairs Division, P.O. Box 40255, Olympia, WA 98504-0255 and his telephone number is (360) 725-7044. Unigard Insurance Company and Unigard Indemnity Company will be represented by Michael M. Smith, Esq., Assistant General Counsel, QBE America's, Inc., and Jennifer J. Vernon, Esq., General Counsel, QBE America's, Inc. Mr. Smith's address is One General Drive, Sun Prairie, Wisconsin 53596 and his telephone number is (608) 825-5082. Ms. Vernon's address is One General Drive, Sun Prairie, Wisconsin 53596 and her telephone number is (608) 825-5827.

Patricia D. Petersen, Presiding Officer, who serves as Chief Hearing Officer for the Office of the Insurance Commissioner, has been designated to hear and determine this matter. Her address is Office of Insurance Commissioner, P.O. Box 40255, Olympia, Washington 98504-0255. Her telephone number is (360) 725-7105. All interested individuals and entities who have questions

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or concerns concerning this proceeding should direct them to her paralegal, Nicole Kelly, at the same address. Ms. Kelly's telephone number is (360) 725-7002. **Please note that any interested individual or entity may indicate his/her or its support, or objection, to this proposed redomestication by submitting a letter to the undersigned at the above address by U.S. Mail or by fax to the undersigned at (360) 664-2782 on or before 9:00 a.m., Pacific Standard Time, on February 25, 2011. Interested individuals and entities may include in their letters a request to be included in the hearing by telephone free of charge, or in person, in order to present their positions orally.**

The hearing will be held under the authority granted by the Office of the Insurance Commissioner by Chapter 48.04 RCW and RCW 48.07.210. As above, RCW 48.07.210 indicates the findings which must be made before approval will be given to this proposed redomestication.

The basic facts relied upon are those set forth in the above referenced Application for Redomestication of Unigard Insurance Company and Unigard Indemnity Company, with attachments, which has been filed with the OIC. The Application, with attachments, will be made part of the record of this proceeding. The OIC has not taken, and will not take, any position on this matter prior to entry of the hearing order.

The hearing will be governed by the Administrative Procedure Act, Chapter 34.05 RCW, and the model rules of procedure contained in Chapter 10-08 WAC. All parties may be represented at the hearing. They may examine witnesses and fully respond and present evidence and argument on all issues involved.

As required by RCW 34.05.434(2)(i), you are advised that a party who fails to attend or participate in any stage of the proceeding may be held in default in accordance with Chapter 34.05 RCW.

Pursuant to WAC 10-08-040(2) and in accordance with Chapter 2.42 RCW, if a limited English speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified interpreter will be appointed. There will be no cost to the party or witness therefore, except as may be provided by Chapter 2.42 RCW. A Request for Interpreter form is attached to the original of this Notice, with instructions thereon.

This Notice is provided pursuant to RCW 48.04.010 and RCW 34.05.434.

Based upon the above activity,

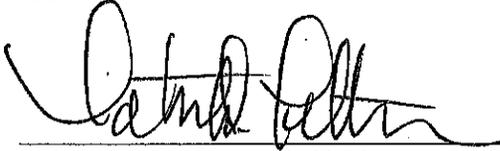
**IT IS HEREBY ORDERED** that the adjudicative proceeding in this matter shall commence on **Friday, Friday 25, 2011, at 10:00 a.m.**, Pacific Standard Time. All parties will be contacted by Nicole Kelly, Paralegal to the undersigned at that time.

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ENTERED AT TUMWATER, WASHINGTON, this 8<sup>th</sup> day of February, 2011, pursuant to Title 48 RCW and specifically RCW 48.04 and 48.07.210; Title 34 RCW; and regulations applicable thereto.



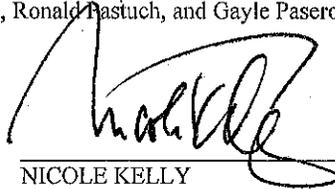
PATRICIA D. PETERSEN

Presiding Officer

Declaration of Mailing

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery through normal office mailing custom, a true copy of this document to the following people at their addresses listed above: Peter Kurt Christen, Michael M. Smith, Esq., Jennifer J. Vernon, Esq., Mike Kreidler, Michael G. Watson, Carol Sureau, Esq., Charles D. Brown, Esq. James T. Odiorne, CPA, JD, Ronald Pastuch, and Gayle Pasero, CPCU.

DATED this 8<sup>th</sup> day of February, 2011.



NICOLE KELLY



OFFICE OF  
INSURANCE COMMISSIONER  
HEARINGS UNIT

Fax: (360) 664-2782

Patricia D. Petersen  
Chief Hearing Officer  
(360) 725-7105

Nicole Kelly  
Paralegal  
(360) 725-7002  
[nicolek@oic.wa.gov](mailto:nicolek@oic.wa.gov)

To request an interpreter, complete and mail this form to:

Chief Hearing Officer  
Office of Insurance Commissioner  
P.O. Box 40255  
Olympia, WA 98504-0255

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**REQUEST FOR INTERPRETER**

I am a party or witness in Matter No. 10-0236, before the Insurance Commissioner. I NEED AN INTERPRETER and request that one be furnished.

Please check the statements that apply to you:

I am a non-English-speaking person. I cannot readily speak or understand the English language. My primary language is \_\_\_\_\_ (insert your primary language). I need an interpreter who can translate to and from the primary language and English.

I am unable to readily understand or communicate the spoken English language because:

- I am deaf.
- I have an impairment of hearing.
- I have an impairment of speech.

[Please state below or on the reverse side any details which would assist the Commissioner or Presiding Officer in arranging for a suitable interpreter or in providing appropriate mechanical or electronic amplification, viewing, or communication equipment.]

Date: \_\_\_\_\_ Signed: \_\_\_\_\_

Please print or type your name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_