



OFFICE OF  
INSURANCE COMMISSIONER

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HEARINGS UNIT

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BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

In the Matter of :	)	<b>Docket No. 10-0236</b>
<b>THE APPLICATION FOR</b>	)	
<b>REDOMESTICATION OF UNIGARD</b>	)	<b>FINAL ORDER APPROVING</b>
<b>INSURANCE COMPANY and</b>	)	<b>APPLICATION FOR</b>
<b>UNIGARD INDEMNITY COMPANY</b>	)	<b>REDOMESTICATION FROM THE</b>
	)	<b>STATE OF WASHINGTON</b>
	)	<b>TO THE STATE OF WISCONSIN</b>

**TO:** Peter Kurt Christen  
President & CEO  
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**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  
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Pursuant to Chapter 48.04 RCW, Chapter 34.05 RCW, RCW 48.07.210, and specifically RCW 48.07.210(2), and after notice to interested parties and persons (see facts found concerning notice, below), the above-entitled matter came on regularly for hearing before the Insurance Commissioner of the state of Washington commencing at 10:00 a.m. on Friday, February 25, 2011, by telephone as authorized by RCW 34.05.449(3). All persons to be affected by the above-entitled matter were given the right to be present at such hearing, during the giving of testimony, and had reasonable opportunity to inspect all documentary evidence, to examine witnesses and present oral and written statements. The Insurance Commissioner was represented by Charles D. Brown, Esq., Senior Staff Attorney in its Legal Affairs Division. The Applicants, Unigard Insurance Company and Unigard Indemnity Company, were represented by Jennifer J. Vernon, Esq., General Counsel and Corporate Secretary of both companies, and Michael M. Smith, Esq., Assistant General Counsel of both companies.

### **NATURE OF PROCEEDING**

On May 26, 2010, Unigard Insurance Company and Unigard Indemnity Company filed an Application for Redomestication with the Washington State Insurance Commissioner, requesting approval to transfer their corporate domiciles from the state of Washington to the state of Wisconsin.

Applications for redomestication are 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.* On December 8, therefore, pursuant to RCW 48.04.010(1), the undersigned received and filed a request for hearing from the Insurance Commissioner relative to this Application for Redomestication, which began the administrative hearing process. Should this Application be approved, Unigard Insurance Company and Unigard Indemnity Company would cease to be domestic insurers of Washington State and would become domestic insurers of the state of Wisconsin.

### **FINDINGS OF FACT**

Having considered the written and oral evidence presented at the hearing, and the documents on file herein, the undersigned presiding officer designated to hear and determine this matter finds as follows:

1. The hearing was duly and properly convened and all substantive and procedural requirements under the laws of the state of Washington have been satisfied.
2. Unigard Insurance Company and Unigard Indemnity Company (hereinafter referred to collectively as "Unigard") are active Washington domestic property and casualty insurance companies. Unigard Insurance Company is a wholly-owned subsidiary of QBE Regional

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Companies (N.A.), Inc., a Delaware corporation. Unigard Indemnity Company is a wholly-owned subsidiary of Unigard Insurance Company. QBE Regional Companies (N.A.), Inc., is an indirect wholly-owned subsidiary of QBE Insurance Group Limited, an Australian holding company which is the ultimate parent company of Unigard. [Ex. 1, Application, organization chart; Testimony of Jennifer J. Vernon, General Counsel and Corporate Secretary of Unigard.]

3. On May 26, 2010, Unigard filed an Application for Redomestication, with detailed attachments concerning its history, personnel and financial status, filed pursuant to RCW 48.07.210 and the National Association of Insurance Commissioner's Uniform Certificate of Authority Application. The proposed effective date is to be scheduled to occur after approval of the redomestication, if any, is given herein. Unigard has, therefore, provided the Washington State Insurance Commissioner (Washington Commissioner) with at least thirty days advance written notice of its proposed plans to redomesticate.

4. If this proposed redomestication is approved, the result will be that Unigard will be domiciled in the state of Wisconsin instead of the state of Washington. The state of Wisconsin has advised these two Unigard companies that they qualify to be admitted in Wisconsin as domestic insurers. [Testimony of Vernon.] Further, these two Unigard companies are currently qualified to be admitted to do business in Washington as foreign insurers as of the effective date of approval if any. [Testimony of Gayle D. Pasero, Company Licensing Manager, Office of the Washington State Insurance Commissioner.]

5. Unigard has applied for redomestication as part of a larger restructuring plan by QBE that is designed to achieve operating economies and management efficiencies. During the last twelve months, QBE has both sold and merged certain insurance companies as part of these restricting efforts. QBE is also working to consolidate as many companies as possible with the same domestic regulator (Wisconsin), thereby enabling QBE to streamline its regulatory compliance efforts. Unigard believes that the efficiencies achieved through these restricting efforts, including the proposed redomestication, will enhance Unigard's ability to operate as efficiently as possible. [Testimony of Vernon.]

6. These two Unigard companies intend to maintain their current market position in Washington State if the Application for Redomestication is approved, and intends that the proposed redomestication to Wisconsin will be invisible to Unigard's policyholders in Washington State because the company plans for no changes in its producer base in Washington State, claims handling, or methods of servicing these policyholders as a result of the proposed redomestication. Further, the proposed redomestication of Unigard, if approved, will not have any substantive impact on the contractual or statutory rights of Washington policyholders and will not materially impact any pending litigation filed in the state of Washington involving Washington policyholders. [Testimony of Vernon.]

7. Unigard has filed a request to redomesticate to Wisconsin with the Wisconsin Office of the Commissioner of Insurance (Wisconsin OCI). The Wisconsin OCI has advised Unigard that it does not object to the redomestication of Unigard, and it is expected that the Wisconsin OCI

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will issue an official letter approving th redomestication after the Washington Commissioner completes his review of the Application in order to coordinate the effective date of the redomestication between the two states. Further, the Washington Commissioner has determined that Unigard qualifies to be admitted in Washington State as a foreign insurer [Testimony of Vernon; Testimony of Pasero.]

8. The Notice of Hearing on Application for Redomestication herein entered by the undersigned on February 8, 201, which contains information concerning the proposed redomestication and the public hearing to be held concerning it, was published in its entirety on the Washington Commissioner's web site since, at least, February 8, 2011 and remained there continuously through the date of hearing, February 25, 2011. Therefore reasonable and adequate notice of the hearing concerning this proposed redomestication was provided. [Testimony of Pasero; Ex. 1, Notice of Hearing.] Further, in the Notice of Hearing as published, all interested individuals and entities were advised of their right to submit either support for, or objections to, the proposed redomestication by letter on or before 9:00 am February 25, 2011, to the undersigned. Other than the pre-filed direct testimony submitted on behalf of Unigard and the Washington Commissioner, no such communications of any kind were received by the undersigned. Further, no such communications were received by the Washington Commissioner [Testimony of Pasero] or by Unigard [Testimony of Vernon.]

9. Given the above Findings of Facts, it cannot be found that the proposed transfer of domicile of Unigard from Washington State to the state of Wisconsin is not in the best interests of the public or in the best interests of Unigard's policyholders. [Testimony of Vernon; Testimony of Pasero.]

10. The sole witness for the Washington Commissioner was Gayle D. Pasero, Company Licensing Manager in its Company Supervision Division. Ms. Pasero presented her testimony in a detailed and credible manner and exhibited no apparent biases. Ms. Pasero also filed her testimony in written form prior to the hearing as required; said written prefiled testimony is included in the hearing file. [Ex. 1.]

11. The sole witness appearing on behalf of Unigard was Jenifer J. Vernon, who is General Counsel and Corporate Secretary of both Unigard Insurance Company and Unigard Indemnity Company. Ms. Vernon presented her testimony in a detailed and credible manner and exhibited no apparent biases. Ms. Vernon also filed her testimony in written form prior to the hearing as required; said written prefiled testimony is included in the hearing file. [Ex. 1.]

12. Based upon the above Findings of Fact, it is here found that the Application for Redomestication filed herein by Unigard Insurance Company and Unigard Indemnity Company, which proposes to transfer their domicile from the state of Washington to the state of Wisconsin and is detailed in that Application, is reasonable under the circumstances and should be approved.

**CONCLUSIONS OF LAW**

1. Pursuant to Title 48 RCW, and specifically RCW 48.07.210, the Washington State Office of Insurance Commissioner has jurisdiction over Unigard Insurance Company and Unigard Indemnity Company.

2. Based upon the above Findings of Facts, Unigard Insurance Company and Unigard Indemnity Company filed their Application for Redomestication with the Washington Commissioner on February May 26, 2010 with a proposed effective date after said Application was reviewed and approved by the Washington Commissioner. Therefore, these companies have provided at least thirty days advance written notice of its plan to the Washington Commissioner, as required by RCW 48.07.210(2).

3. Based upon the above Findings of Facts, reasonable and adequate notice of the hearing required by the Washington Commissioner was given, in compliance with RCW 48.07.210(2).

4. Based upon the above Findings of Facts above, after the hearing herein, it cannot be determined that the proposed transfer of domicile of Unigard Insurance Company and Unigard Indemnity Company from the state of Washington to the state of Wisconsin is not in the best interests of the public or the Unigard Insurance Company's and Unigard Indemnity Company's Washington policyholders. Therefore, because no such determination has been made, as required by RCW 48.07.210(2), the Washington Commissioner must approve this Application for Redomestication.

**ORDER**

On the basis of the foregoing Findings of Fact and Conclusions of Law, to the effect that the statutory criteria for approval of this Application for Redomestication has been met,

**IT IS HEREBY ORDERED** that the Application for Redomestication of Unigard Insurance Company and Unigard Indemnity Company, which seeks approval of the Washington State Office of Insurance Commissioner to transfer its domicile from the state of Washington to the state of Wisconsin, is GRANTED effective as of the date of entry of the oral Order herein which is consistent with this written Order and which was entered at close of hearing on February 25, 2011.

**IT IS FURTHER ORDERED** that the actual effective date of the transfer of domicile from the state of Washington to the state of Wisconsin shall be the effective date that the state of Wisconsin has determined that Unigard Insurance Company and Unigard Indemnity Company shall become a domestic Wisconsin insurer. Likewise, that same date shall be the effective date on which Unigard Insurance Company and Unigard Indemnity Company shall become admitted as a foreign insurer in the state of Washington. Thus, these transactions shall become effective on the same date in order to allow no gap in clear state of domicile as between the state of Washington and the state of Wisconsin.

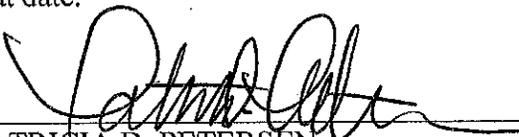
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This Order is entered pursuant to Title 48 RCW, and specifically RCW 48.07.210(2), Title 34 RCW and regulations applicable thereto.

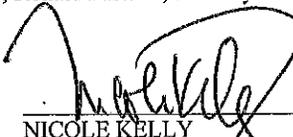
**ENTERED** at Tumwater, Washington, this 10<sup>th</sup> day of March, 2011. Oral ruling consistent with the ruling herein was entered at close of hearing on February 25, 2011 and became effective on that date.

  
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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 10<sup>th</sup> day of March, 2011.

  
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NICOLE KELLY