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OFFICE OF  
INSURANCE COMMISSIONER

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BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the Redomestication of: )  
)  
Safeco Insurance Company of America; )  
Safeco Surplus Lines Insurance Company; )  
First National Insurance Company of )  
America; and General Insurance Company )  
of America, )  
)  
Authorized Domestic Insurers. )  
\_\_\_\_\_ )

Docket No. 11-0261

NOTICE OF HEARING ON THE  
APPLICATION OF SAFECO INSURANCE  
COMPANY OF AMERICA, ET AL. FOR  
APPROVAL OF THEIR CHANGE OF  
INCORPORATION FROM THE STATE  
OF WASHINGTON TO THE STATE  
OF NEW HAMPSHIRE

**TO:** Richard P. Quinlan, Esq.  
Deputy General Counsel  
Senior Vice President and Manager, Corporate Group  
Liberty Mutual Group, Inc.  
175 Berkeley Street  
Boston, MA 02116

Tara Colby, CPCU  
Counsel-Liberty Mutual Agency Corporation  
Liberty Mutual Group, Inc.  
175 Berkeley Street  
Boston, MA 02116

Melvin N. Sorensen, Esq.  
Carney Badley Spellman, P.S.  
701 Fifth Avenue, #3600  
Seattle, WA 98104-7010

**COPY TO:** Mike Kreidler, Insurance Commissioner  
Michael G. Watson, Chief Deputy Insurance Commissioner

Carol Sureau, Deputy Commissioner, Legal Affairs Division  
Brown, Staff Attorney, Legal Affairs Division  
James Odiorne, Deputy Commissioner, Company Supervision  
Office of the Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

On August 19, 2011, the Washington State Insurance Commissioner ("Insurance Commissioner") received Applications from Safeco Insurance Company of America, Safeco Surplus Lines Insurance Company, First National Insurance Company of America, and General Insurance Company of America (hereinafter collectively called "the Applicants" unless otherwise indicated), requesting his approval for the Applicants to change their state of incorporation (i.e. "redomesticate") from the state of Washington to the state of New Hampshire. All documents and information filed with their Applications on August 19, 2011; all questions from the Insurance Commissioner and responsive documents and information filed by the Applicants since that time; all communications from the undersigned to the Applicants and the Insurance Commissioner; documents and information filed by the Applicants in response to requests from the undersigned relative to this matter; and all documents entered by the undersigned in this matter are published on the Insurance Commissioner's website at:

[http://www.insurance.wa.gov/orders/hearings\\_proceedings7.shtml](http://www.insurance.wa.gov/orders/hearings_proceedings7.shtml).

Following review of the documents filed by the Applicants in support of their Applications, communications with the Applicants, and requests for and receipt of additional required information from the Applicants, the Insurance Commissioner referred the subject Applications to the undersigned on November 8, 2011, with the request that she review them, conduct an adjudicative proceeding concerning this matter, and enter the final decisions either approving the Applicants' requests for permission to redomesticate or denying them.

The redomestication of the Applicants is controlled by Title 48 RCW and, specifically, RCW 48.07.210(2). Pursuant to RCW 48.076.210(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 insurers' policyholders in this state.**

In response to questions from the Insurance Commissioner, the Applicants have stated that, while "the Applicants must reserve their right to make operational and staffing changes as their business judgment deems appropriate in the future," 1) currently there is no strategic plan to restructure, consolidate, eliminate or move the Applicants' Washington based operations or employee population for the next five or ten years; 2) the proposed redomestications would be seamless to the Applicants' Washington policyholders because they will not result in any changes to the Applicants' producer base or to their methods and ability to handle claims and service policyholders; 3) the proposed redomestications would not have any substantive impact on the contractual or statutory rights of the Applicants' Washington policyholders; and 4) the proposed redomestications would not have a material impact on any pending litigation filed in Washington involving the Applicants' Washington policyholders. Further, the Applicants indicate that, if the

proposed redomestications are approved, they intend to still conduct their insurance business in Washington State as foreign insurers and they believe they will qualify and become licensed as foreign insurers in Washington State without interruption in business or coverage to Washington policyholders.

On December 5, 2011, the undersigned held a First Prehearing Conference herein. The Applicants were represented by Richard P. Quinlan, Esq., Sr. Vice President and Deputy General Counsel of Liberty Mutual Group, and Tara A. Colby, CPCU, of Liberty Mutual Group. Melvin N. Sorensen, Esq. appeared as local counsel on behalf of the Applicants. The Insurance Commissioner was represented by Charles Brown, Esq., Sr. Staff Attorney in the Office of the Insurance Commissioner. Gayle Pasero, CPCU, who is Company Licensing Manager in the Insurance Commissioner's Company Supervision Division, also participated on behalf of the Insurance Commissioner. During said First Prehearing Conference, in addition to the documents and information already filed with their Applications and in response to questions from the Insurance Commissioner since that time, the undersigned requested that the Applicants file 1) a detailed organization chart covering the entire Liberty Mutual Group; and 2) at the suggestion of the Applicants, another organization chart covering that portion of the Liberty Mutual Group in which the Applicants are situated. The Applicants also agreed to provide 3) sheets identifying those companies within the Peerless Group, and providing data on each, to replace those sheets previously filed with their Applications which reference a different company than the Applicants; and 4) executed copies of the Applicants' Restated Articles of Incorporation. Finally, the undersigned advised that, upon request to Kelly Cairns, Paralegal to the undersigned, the Applicants could be sent forms for pre-filed written testimony to use in this proceeding. Finally, the hearing date was scheduled for January 10, 2012, commencing at 10:00 a.m. [It is noted that in their initial Applications filed with the Insurance Commissioner August 19, 2011, the parties initially asked the Insurance Commissioner for final decisions on their Applications by October 1, 2011, which would have allowed a total of six weeks for review and consideration by the Insurance Commissioner's staff, referral to the undersigned, review by the undersigned, time for the documents to have been published on the Insurance Commissioner's website, time to allow for adequate public notice in advance of the hearing herein, the hearing itself and entry of the final decisions after hearing. Subsequently, at the prehearing conference, the Applicants requested that the final decisions be made by year end 2011. However, given the above responsibilities of the Insurance Commissioner and then the undersigned, together with the public's right to receive adequate notice in advance of the hearing along with the opportunity to provide input, the Applicants' request cannot be accommodated.]

The hearing will be held under the authority of Title 48 RCW and specifically RCW 48.04, Title 34 RCW, and regulations applicable thereto. Pursuant thereto, the Commissioner has delegated to the undersigned the authority to conduct all activities preliminary to the hearing, the hearing and all activities following the hearing, and to determine and enter the final decision in this matter. As required by Title 34 RCW, the undersigned shall handle these activities and make the final decision herein without input, communication or review by the Commissioner or any member of his staff or others who have knowledge of the facts herein. The Insurance Commissioner has not taken, and will not take, a position in this matter until entry of the final decision after hearing.

Accordingly, **YOU ARE HEREBY NOTIFIED that a hearing will be held commencing on Tuesday, January 10, 2012, at 10:00 a.m., Pacific Standard Time.** The purpose of this hearing, which will include all parties, is to consider the Applications of Safeco Insurance Company of America, Safeco Surplus Lines Insurance Company, First National Insurance Company of America, and General Insurance Company of America for approval of their proposed change of incorporation ("redomestication") from the state of Washington to the state of New Hampshire. Pursuant to RCW 48.07.210, cited above, approval of these Applications is conditioned, in part, upon a finding by the undersigned, based upon evidence presented by testimony and documents at the hearing, that the proposed redomestications are in the best interest of the public generally, and are in the best interests of the Applicants' Washington policyholders. While in their Applications the Applicants refer to their civic commitment to this state and related issues, at least one authorized representative of each Applicant shall appear as a witness to testify 1) as to whether, and why, the proposed redomestications are in the best interests of the general public including advantages to the public, and also including disadvantages to the public such as possible adverse tax consequences affecting Washington State; 2) advantages and disadvantages to Washington policyholders, including whether their rights and privileges under their current insurance contracts are protected; 3) advantages and disadvantages to the Applicants; 4) as to status of the Applicants' applications to become domesticated insurers in the state of New Hampshire and foreign insurers in the state of Washington should these redomestications be approved; and 5) as to whether the Applicants or any of their affiliates, employees, officers or directors or other affiliates have received any comments, complaints or concerns concerning these proposed redomestications and the nature and source of this input. An acceptable duly authorized representative would be an officer, director or in-house counsel for each Applicant.

Likewise, testimony from the Insurance Commissioner is expected regarding whether, and why, the Insurance Commissioner believes the proposed redomestications are in the best interest of the public generally, and are in the best interests of the Applicants' Washington policyholders. The Insurance Commissioner, or his duly authorized representative, is expected to testify 1) as to whether, and why, the proposed redomestications are in the best interests of the general public including advantages to the public, and also including disadvantages to the public such as possible adverse tax consequences affecting Washington State; 2) advantages and disadvantages to Washington policyholders, including whether their rights and privileges under their current insurance contracts are protected; 3) advantages and disadvantages to the Applicants; 4) as to status of the Applicants' applications to become domesticated insurers in the state of New Hampshire and foreign insurers in the state of Washington should these redomestications be approved; and 5) as to whether the Insurance Commissioner or any of his staff has received any comments, complaints or concerns concerning these proposed redomestications and the nature and source of this input.

Both the duly authorized representatives of each Applicant and the Insurance Commissioner and/or his duly authorized representative(s) are expected to file written testimony with the undersigned at least 5 business days prior to the date of the hearing, in addition to presenting their testimony under oath during the hearing. Said written pre-filed testimony will be published on the Insurance Commissioner's website upon filing.

Richard P. Quinlan, Esq., Sr. Vice President and Deputy General Counsel of Liberty Mutual Group, the ultimate holding company of the Applicants, and Tara Colby, CPCU, of Liberty Mutual Group, will appear on behalf of the Applicants. Melvin N. Sorensen, Esq., of Carney Badley Spellman, P.S., will appear as local counsel on behalf of the Applicants. Mr. Quinlan's and Ms. Colby's address is 175 Berkeley Street, Boston, MA 02116. Mr. Quinlan's telephone number is (617) 357-9500. Ms. Colby's telephone number is (617) 574-5998. Mr. Sorensen's address is 701 Fifth Avenue, Suite 3600, Seattle, WA 98104-7010, and his telephone number is (206) 622-8020. The Insurance Commissioner will appear by and through Charles Brown, Senior Staff Attorney in the Commissioner's 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.

Patricia D. Petersen, Presiding Officer, who serves as Chief Hearing Officer for the Office of the Insurance Commissioner, has been designated to preside over these adjudicative proceedings and to enter the final decision either approving or denying these Applications for approval to redomesticate. Her address is Hearings Unit, Office of the 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 or concerns concerning this proceeding should direct them to her paralegal, Kelly A. Cairns, at the same postal address, or to fax number (360) 664-2782 or email KellyC@oic.wa.gov. Ms. Cairns' telephone number is (360) 725-7002. **Please note that any interested individual or entity may indicate his/her/its support, or objection, to these proposed redomestications by submitting a letter to the undersigned at Hearings Unit, Office of the Insurance Commissioner, P.O. Box 40255, Olympia, Washington 98504-0255; by fax to the undersigned at (360)664-2782; or by email to KellyC@oic.wa.gov on or before 9:00 a.m., Pacific Standard Time, on January 10, 2012. Interested individuals and entities may include in their letters a request to be included in the hearing by telephone free of charge to simply listen to these proceedings or to submit their positions orally during the hearing. Alternatively, interested individuals may appear at the hearing in person in Tumwater, WA, to simply listen and view these proceedings or to present their positions orally during the hearing, or to submit their positions in writing during the hearing. Input received from interested individuals will be considered by the undersigned prior to entering a final decision in this matter and will become part of the hearing record.**

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 can be given to this proposed redomestication. The basic facts relied upon are those set forth in the above-referenced Applications for Redomestication of Safeco Insurance Company of America, Safeco Surplus Lines Insurance Company, First National Insurance Company of America and General Insurance Company of America, with attachments, which have been filed with the Insurance Commissioner, along with all other documents and information which has been filed herein since that time. The Applications, with attachments, will be made part of the record of this proceeding and is published on the Insurance Commissioner's website provided above. The Insurance Commissioner 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 procedures 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 therefor, 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 **Tuesday, January 10, 2012 at 10:00 a.m.**, Pacific Standard Time, in the Office of the Insurance Commissioner, 5000 Capitol Boulevard, Tumwater, Washington 98501.

ENTERED AT TUMWATER, WASHINGTON, this 8<sup>th</sup> day of December, 2011, pursuant to RCW 48.04, Title 34 RCW and applicable regulations.

  
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PATRICIA D. PETERSEN  
Chief Hearing Officer  
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: Richard P. Quinlan, Esq., Tara Colby, CPCU, Melvin N. Sorensen, Esq., Mike Kreidler, Michael G. Watson, Carol Sureau, Esq., Charles Brown, Esq., Gayle Pasero and James Odiome.

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

  
\_\_\_\_\_  
KELLY A. CAIRNS

**HEARINGS UNIT**  
Fax: (360) 664-2782

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

Hearings Unit  
Paralegal  
(360) 725-7002  
Hearings@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. 11-0261, 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: \_\_\_\_\_