

STATE OF WASHINGTON

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

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OFFICE OF
INSURANCE COMMISSIONER

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HEARINGS UNIT
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Chief Hearing Officer
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BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the Redomestication of:)	
)	Docket No. 11-0261
Industrial Alliance Pacific Insurance)	
and Financial Services Inc.,)	NOTICE OF HEARING ON THE
)	APPLICATION OF INDUSTRIAL
)	ALLIANCE PACIFIC INSURANCE
)	AND FINANCIAL SERVICES INC.
)	FOR APPROVAL OF THEIR CHANGE
)	OF PORT OF ENTRY FROM THE STATE
Authorized Domestic Insurers.)	OF WASHINGTON TO THE STATE
)	OF TEXAS

TO: Gregory D. Morris, Assistant Secretary
Industrial Alliance Pacific Insurance and
Financial Services Inc.
P.O. Box 26900
Scottsdale, AZ 85255-0131

COPY TO: Mike Kreidler, Insurance Commissioner
Michael G. Watson, Chief Deputy Insurance Commissioner
Carol Sureau, Deputy Commissioner, Legal Affairs Division
Robin Aronson, Staff Attorney, Legal Affairs Division
James Odiorne, Deputy Commissioner, Company Supervision
Gayle Pasero, Company Licensing Manager, Company Supervision
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

On October 28, 2011, the Washington State Insurance Commissioner ("Insurance Commissioner") received an Application for Redomestication/Change of Port of Entry from Industrial Alliance



Pacific Insurance and Financial Services Inc. (hereinafter "the Applicant"), requesting his approval for the Applicant to redomesticate and change its port of entry from the state of Washington to the state of Texas. All documents and information filed with this Application on October 28, 2011, 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_proceedings3.shtml. In addition, 1) all questions from the Insurance Commissioner and responsive documents and information filed by the Applicant since the date of their Application; and 2) all communications from the undersigned to the Applicant and the Insurance Commissioner, and responses thereto, shall be filed and published on the Insurance Commissioner's website as well.

Following review of the documents filed by the Applicant in support of its Application, the Insurance Commissioner referred the subject Application to the undersigned on December 6, 2011, with the request that she review them, conduct an adjudicative proceeding concerning this matter, and enter the final decision to either approve the Applicant's Application for permission to redomesticate and change its port of entry or to deny it.

The Applicant is a portion of a larger Canadian corporation, but maintains a separate NAIC insurer number, separate tax identification number, separate assets in trust, and files its own annual statement, and as such -- although not a separate corporation -- this entity has been authorized as an insurer in Washington State and is treated as a separate entity by the Insurance Commissioner. Because of this fairly uncommon entity structure, it is the "port of entry" which is requested to be changed from Washington State to Texas rather than its "state of incorporation." As such, the Applicant's Application herein, which is a request for approval of its proposed change of port of entry, is considered to be a request for approval of a proposed redomestication just as a request for approval of change of state of incorporation is considered to be a request for approval of a proposed redomestication. Therefore, the Applicant's Application herein 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.**

Neither the Insurance Commissioner nor the Applicant has indicated whether, if the proposed redomestication is approved, the Applicant still intends to conduct insurance business in Washington State as a foreign insurer and if so whether the Applicant will qualify and become licensed as a foreign insurer in Washington State without interruption in business or coverage to Washington policyholders.

On December 19, 2011, the undersigned held a First Prehearing Conference herein. The Applicant appeared represented by Gregory D. Morris, Assistant Secretary for Industrial Alliance Pacific Insurance and Financial Services Inc. The Insurance Commissioner was represented by Robin Aronson, 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, the undersigned reviewed process to be expected prior to and during the hearing herein, discussed the manner of providing reasonable and adequate notice to the public as

contemplated in RCW 48.07.210, and the parties agreed that the hearing should commence on February 1, 2012 at 1:00 pm. Finally, the undersigned advised the parties that should they have any further questions or concerns, or requests for another prehearing conference which would include the undersigned, they should contact her paralegal, Kelly Cairns, at the number or address provided above.

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 February 1, 2012, at 1:00 p.m., Pacific Standard Time.** The purpose of this hearing, which will include all parties, is to consider the Application of Industrial Alliance Pacific Insurance and Financial Services Inc. for approval of their proposed change of port of entry/redomestication from the state of Washington to the state of Texas. Pursuant to RCW 48.07.210, cited above, approval of this Application is conditioned, in part, upon a finding by the undersigned, based upon evidence presented by testimony and documents at the hearing, that the proposed change of entry/redomestication is in the best interest of the public generally and is in the best interests of the Applicant's Washington policyholders. At least one authorized representative of the Applicant shall appear as a witness to testify 1) as to whether, and why, the proposed change of port of entry/redomestication is 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 Applicant; 4) as to status of the Applicant's application to the Texas Department of Insurance to become a domestic insurer in Texas; 5) as to whether the Applicant intends to apply to become a foreign insurer and continue conducting business in Washington State as a foreign insurer should this change of port of entry/redomestication be approved and, if so, whether coverage to Washington policyholders will be seamless should this change of port of entry/redomestication be approved; and 6) as to whether the Applicant or any of its affiliates, employees, officers or directors or other affiliates have received any comments, complaints or concerns concerning this proposed change of port of entry/redomestication along with the nature and source of this input. An acceptable duly authorized representative would be an officer, director or in-house counsel for the Applicant.

Likewise, testimony from the Insurance Commissioner is expected regarding whether, and why, the Insurance Commissioner believes this proposed change of port of entry/redomestication is 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 Applicant; 4) as to status of the Applicant's application to become a domestic insurer in Texas and (if it seeks to become a foreign insurer in Washington State) a foreign insurer in the state of Washington should this change of port of entry/redomestication be approved and whether coverage to Washington policyholders would be seamless; and 5) as to whether the Insurance Commissioner or any of his staff has received any comments, complaints or concerns concerning this proposed change of port of entry/redomestication and the nature and source of this input.

Both the duly authorized representative(s) of the Applicant and the Insurance Commissioner 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.

Gregory D. Morris, Assistant Secretary for Industrial Alliance Pacific Insurance and Financial Services Inc., will appear on behalf of the Applicant. Mr. Morris's address is P.O. Box 26900, Scottsdale, Arizona 85255-0131 and his telephone number is (888) 473-5540, ext. 5553. The Insurance Commissioner will appear by and through Robin Aronson, Staff Attorney in the Commissioner's Legal Affairs Division. Ms. Aronson's address is Office of the Insurance Commissioner, Legal Affairs Division, P.O. Box 40255, Olympia, WA 98504-0255, and her telephone number is (360) 725-7181.

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 this application for approval of proposed redomestication and change of port of entry. 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 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 this proposed redomestication and change of port of entry 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 February 1, 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 change of port of entry/redomestication. The basic facts relied upon are those set forth in the above-referenced

Application for Approval of Proposed Redomestication and Change of Port of Entry of Industrial Alliance Pacific Insurance and Financial Services Inc., with attachments, which have been filed with the Insurance Commissioner, along with all other documents and information which have been filed herein since that time. The Application, 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.

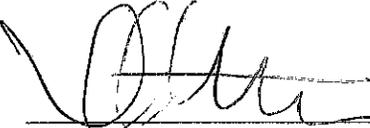
Pursuant to WAC 10-08-040(2) and in accordance with Chapter 2.42 RCW, if a limited English speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified interpreter will be appointed. There will be no cost to the party or witness therefor, except as may be provided 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 Wednesday, February 1, 2012, at 1:00 p.m., Pacific Standard Time, in the Office of the Insurance Commissioner, 5000 Capitol Boulevard, Tumwater, Washington 98501.

ENTERED AT TUMWATER, WASHINGTON, this 20th day of December, 2011, pursuant to RCW 48.04, Title 34 RCW and applicable regulations.



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: Gregory D. Morris, Mike Kreidler, Michael G. Watson, Carol Sureau, Esq., Robin Aronson, Esq., Gayle Pasero and James Odiorne.

DATED this 20th day of December, 2011.


KELLY A. CAIRNS

HEARINGS UNIT
Fax: (360) 664-2782

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

Kelly A. Cairns
Paralegal
(360) 725-7002
KellyC@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

REQUEST FOR INTERPRETER

I am a party or witness in Matter No. _____, 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: _____