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2012 SEP 13 AM 11:09

ROBERT W. L. ODE  
Paulina D. Robinson  
Chief Hearing Officer

OFFICE OF THE INSURANCE COMMISSIONER  
STATE OF WASHINGTON

In the Matter of the Acquisition of:

PEMCO LIFE INSURANCE  
COMPANY, a Washington domestic  
insurer

Into:

SAGICOR LIFE INSURANCE  
COMPANY

NO. 12-0203

TESTIMONY OF BART F. CATMULL  
RE: ACQUISITION [CORRECTED]

**Bart F. Catmull**  
**Chief Operating Officer and Chief Financial Officer**  
**Sagicor Life Insurance Company**

September 13, 2012

TESTIMONY OF BART F.  
CATMULL RE: ACQUISITION  
[CORRECTED]-- 1

## DECLARATION OF BART F. CATMULL

I, Bart F. Catmull, under penalty of perjury under the laws of the state of Washington, declare as follows:

**Question 1: Please state your name and position of employment with Sagicor Life Insurance Company ("SLIC").**

Answer: My name is Bart F. Catmull. I am the Chief Operating Officer and Chief Financial Officer of Sagicor Life Insurance Company.

**Question 2: What is SLIC?**

Answer: SLIC is a stock insurance corporation, domiciled in Texas. It was duly organized and incorporated under Texas law in 1954 and operates under Texas Certificate of Authority No. 14192. Its statutory home office is located at 900 Congress Ave., Austin, TX 78701. It provides life insurance and annuities in 44 states and the District of Columbia, including Washington and Oregon. SLIC is licensed in Washington under the Certificate of Authority No. 286, NAIC Company Code 60445. Its COA in Washington allows it to provide disability as well as life insurance; however, at the present it only provides the aforementioned life and annuity products in Washington as well as in the other states in which it is licensed. SLIC maintains two administrative locations located in Scottsdale, Arizona and Tampa, Florida and has received the appropriate approvals from the Texas Department of Insurance to maintain its books and records in those locations.

As of the end of 2011, based on an AMBest study published in the July issue of Best Review, the Company was ranked 153<sup>rd</sup> of US Life and Health Insurance Companies.

**Question 3: Do you hold any other positions with any companies affiliated with SLIC?**

Answer: Yes, I hold the same positions with Sagicor USA, Inc., the parent of SLIC.

**Question 4: Please provide your educational background.**

Answer: I received my BA in accounting from Brigham Young University in 1992.

TESTIMONY OF BART F.  
CATMULL RE: ACQUISITION  
[CORRECTED] - 2

**Question 5: Please provide your professional background.**

Answer: Prior to joining the predecessor of Sagicor Life in 1999, I worked for seven years with PricewaterhouseCoopers. When I left them, I was a Senior Manager in their National Accounting Practices office.

**Question 6: Please describe the structure of SLIC.**

Answer: SLIC has 4,000,000 shares of authorized common stock, with par value of \$1.25, of which 2,000,000 shares are issued and outstanding. SLIC has no preferred stock authorized, issued or outstanding. SLIC is 100% owned by Sagicor USA, Inc. (SUSA), a holding company that has no significant assets outside of its investment in SLIC. SUSA is 100% owned by Sagicor Financial Corporation, a Barbados incorporated insurance holding company, which is publicly traded on several international exchanges. SLIC has approximately 140 employees located in primarily three locations, Scottsdale, Arizona, Tampa, Florida, and Plantation, Florida.

**Question 7: Please describe SLIC's current financial position.**

Answer: As of June 30, 2012, the quarterly financial statements on file with the NAIC identify SLIC's assets at \$935.5 million, liabilities at \$879.3 million, and surplus of \$56.2 million. SLIC has a financial strength rating from A.M. Best of A- and an ACL RBC of 640%.

**Question 8: Does SLIC have the ability to write life business in Washington?**

Answer: Yes. As indicated, SLIC is admitted in Washington. However, as of 2011, we had only 183 active life policies and 154 annuity holders in the state of Washington. With this acquisition we will gain approximately 10,000 policies and almost 7,500 policyholders. We will continue to offer life and annuity products within the state of Washington under the SLIC Certificate of Authority.

**Question 9: Has SLIC complied with Washington statutory and regulatory requirements applicable to acquisition of a Washington domiciled insurer?**

Answer: I believe so. I am familiar with the Sagicor's Form A Statement regarding the proposed acquisition of control of PEMCO Life Insurance Company (the "Domestic Insurer") and its attached exhibits. The Form A was filed on behalf of Sagicor with the Washington Office of the Insurance Commissioner on

March 13, 2012. Amendments were subsequently filed on April 19, 2012. We were subsequently advised by the company supervision division of the Washington OIC that the Form A was complete. The Form A was signed by me as Chief Operating Officer of Sagicor. The Form A requests the approval of the Commissioner for Sagicor to acquire control of the Domestic Insurer, PEMCO Life Insurance Company. PEMCO Life Insurance Company ("PLIC") is a subsidiary of PEMCO Mutual Insurance Company. The Applicant proposes to acquire control over PLIC by stock purchase thereby acquiring ownership and control over the Domestic Insurer. The consideration as set forth in the Stock Purchase Agreement includes \$1.7 million plus an additional sum for PLIC's capital and surplus at closing. This latter amount will be determined in accordance with a formula set forth in the Stock Purchase Agreement.

**Question 10: Will the proposed acquisition be fair and equitable to the policyholders, and consistent with applicable law?**

Answer: Yes. The acquisition is fair and equitable to the general public, to PLIC and to its policyholders. The acquisition will allow the policyholders to become part of a larger and better capitalized company. This will also provide more security for the public interests as well as SLIC has a direct guaranty from its ultimate parent, Sagicor Financial Corporation to maintain certain minimum capital amounts (600% ACL RBC). The acquisition is consistent with and meets the requirements of applicable law. As noted above, the policyholders will be joining a company

- Highly rated by AMBest
- Dedicated and focused to
  - Providing quality service
  - Providing a full-range of life and annuity products
  - Growing in the US
- Committed to meeting all of the promises made to them by PEMCO Life.
  - We have not any significant complaints or regulatory issues
  - Our capital and surplus is at 640% ACL RBC (as of June 30, 2012)
  - We have agreed to continue any discounts that they may have been receiving from PEMCO Mutual (employee, multi-policy)

**Question 11: Will the proposed acquisition lessen the competition?**

Answer: As neither SLIC nor PLIC commands a significant relevant market share in the State and SLIC will remain an active writer of business in the State, the acquisition will not materially change the competitive landscape.

**Question 12: After the acquisition, and before any proposed merger, would PLIC still satisfy the requirements for issuance of a license to write life annuity insurance in Washington?**

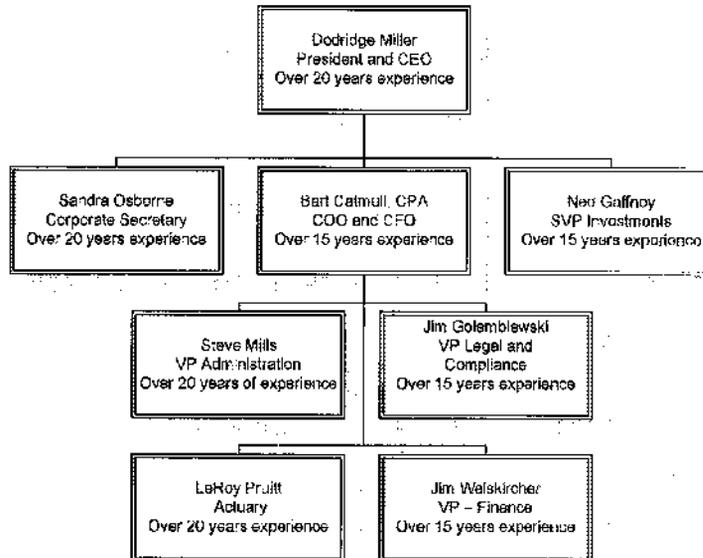
Answer: Yes it would. Nothing will compromise its finances, operations or other requirements.

**Question 13: Is the financial condition of SLIC such that it might prejudice the interest of PLIC policyholders?**

Answer: No. SLIC is well capitalized and will take no steps that would impair PLIC's ability to meet all of its obligations.

**Question 14: What is the general experience and competence of the key members of the management of SLIC?**

Answer: As noted below, our executive team has been in the industry for many years and has a proven record of being competent and working with integrity.



**Question 15: SLIC has indicated it intends to seek approval to merge with PLIC if the acquisition is first approved. Would such a merger result in operational,**

**financial or other changes that would be contrary to public interest or would effect an unfair or unreasonable change for policyholders?**

Answer: No, the proposed merger would have no such effects.

**Question 16: Are there any aspects of the proposed acquisition that would be hazardous or prejudicial to the insurance buying public?**

Answer: None. Policyholders and the public will be well served following acquisition.

**Question 17: Has SLIC or any of its affiliates or representatives received any objections from policyholders or members of the public with respect to the proposed acquisition?**

Answer: I have inquired of my associates at SLIC and also representatives of PLIC. I am advised that no objections have been received.

I declare under penalty of perjury of the state of Washington that the forgoing answers to the foregoing questions are true and correct to the best of my knowledge and belief.

Signed: September 12, 2012



Bart F. Catmull

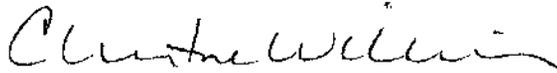
**CERTIFICATE OF SERVICE**

I, Christine Williams, under oath hereby declare as follows: I am an employee at Carney Badley Spellman, P.S., over the age of 18 years, and not a party to nor interested in this action. On September 12, 2012, I caused to be delivered *via email* a copy of the foregoing document on the following parties:

<p><b><u>ORIGINAL TO:</u></b> Patricia Petersen Chief Hearing Officer Office of Insurance Commissioner 5000 Capitol Boulevard Tumwater, WA 98501</p>	<p><b><u>COPIES TO:</u></b> Robin E. Aronson Staff Attorney, Legal Affairs Division Office of the Insurance Commissioner 5000 Capitol Boulevard Tumwater, WA 98501</p> <p>Ronald J. Pastuch Holding Company Manager Office of the Insurance Commissioner 5000 Capitol Boulevard Tumwater, WA 98501</p> <p>James T. Odiorne Deputy Commissioner Office of the Insurance Commissioner 5000 Capitol Boulevard Tumwater, WA 98501</p>
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I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF WASHINGTON THAT THE FOREGOING IS TRUE AND CORRECT.

DATED this 12th day of September, 2012.



Christine Williams, Legal Assistant