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Timothy J. Parker  
Federal Hearing Officer  
August 22, 2012

VIA E-MAIL AND U.S. MAIL

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

Re: Sagicor Life Insurance Company

Dear Ms. Petersen:

I am providing the information responsive to your inquiries regarding the proposed acquisition of PEMCO Life Insurance Company and the proposed subsequent merger of PEMCO Life Insurance Company and said Sagicor Life Insurance Company. I had understood from the Notice of Hearing that this information was not required until 10 days before the hearing. From your August 17, 2012, letter I understand that you would now like to have this information at this time. Therefore, I am enclosing certain documents and providing additional information below. Enclosed are the following documents:

1. August 21, 2012, letter from Bart F. Catmull on behalf of Sagicor Life Insurance Company detailing the proposed merger;
2. Sagicor Life Insurance Company Texas Department of Insurance Certificate of Authority No. 14192;
3. Sagicor Life Insurance Company Washington Certificate of Authority No. 286.
4. Sagicor Life Insurance Company's 2012 Second Quarter Statutory Statement.

In response to the factual issues identified in the Notice of Hearing and your letter of August 17, 2012, I can advise you of the following.

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Sagicor Life Insurance Company is admitted in all states and the District of Columbia except for Alaska, Maine, Vermont, New Hampshire, Connecticut, and New York.

Sagicor Life Insurance Company is licensed as a life, disability/accident and health insurer as reflected in the enclosed Certificates of Authority. While the Certificates of Authority authorize Sagicor Life Insurance Company to transact life insurance, annuity, disability insurance and health insurance, it currently only actively markets life and annuity products.

The Form A states that the purchase price shall be paid in "cash." I believe the OIC was satisfied from its review of Sagicor Life Insurance Company's financial statements that it had adequate cash to complete the acquisition. However, in response to your question, the funds will come from the Company's general account at the Bank of New York. Please see the attached second quarter Statutory Statement that was recently filed with the NAIC and the OIC, which shows approximately \$11.9 million of cash and short-term investments.

Insofar as your inquiry regarding the Scottsdale, Arizona, address for this Texas-domiciled company, please be advised that the Company was formed in 1954 as a Texas company. However, through an acquisition in the 1980's, its operations were moved to Arizona (at the time, the then owners determined that they wanted to remain a Texas regulated entity so a petition was made to have its books and records as well as its operations located outside of the state). Since that time, the Company has been acquired by different ownership groups. The current owner, Sagicor Financial Corporation, when it purchased the Company in 2005, determined that there was not a reason to change this arrangement as the employees and systems located in Arizona were well established and highly capable of running the company and servicing the business. The Company has continued to enjoy a very open relationship with the Texas Department of Insurance and does not see any benefit to re-domesticating to Arizona.

With this information we are hopeful that you will consider the proposed merger as contemplated in the August 13, 2012, Notice of Hearing on Sagicor Life Insurance Company's Application for Approval of Proposed Acquisition of and Merger with PEMCO Life Insurance Company.

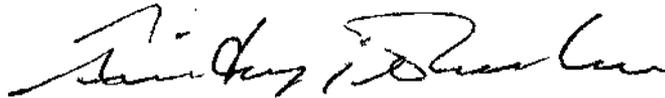
In accordance with the Notice of Hearing, we will be prepared to present evidence satisfying the statutory criteria applicable to acquisition. Separate and independent of that presentation we will be prepared to present evidence to satisfy the statutory criteria governing merger approval. Please advise if this is acceptable and if there are any other

Ms. Patricia Petersen  
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questions we can answer prior to filing exhibits and written testimony in accordance with the schedule set forth in the Notice of Hearing.

Very truly yours,

CARNEY BADLEY SPELLMAN, P.S.



Timothy J. Parker

TJP:cw

Enclosures

cc: Robin Aronson  
Bart Catmull  
Jim Golembiewski  
Michael Perkins  
Ron Pastuch  
William Clumpner



August 21, 2012

Patricia D. Petersen  
Chief Hearing Officer  
5000 Capitol Blvd.  
Tumwater, WA 98501

Dear Ms. Petersen:

Per the Notice of Hearing, No. 12-0203, dated August 13, 2012, Sagikor Life Insurance Company ("Sagikor") is pleased to submit the following, detailing its proposed merger of PEMCO Life Insurance Company (the "Company"), including the how and when it will be accomplished.

From the beginning of its discussions with PEMCO Mutual (and its subsequent discussions with the Office of the Insurance Commissioner [OIC]) regarding the Company, Sagikor has expressed its desire to acquire the Company and then merge it into its existing business (as Sagikor is already licensed and operating in the States of Washington and Oregon). Sagikor sees the following benefits from this approach:

- Reduced administrative costs (no separate audit, reporting, and tax requirements)
- Simplified corporate structure (consolidation of Boards and management)
- Strengthened policyholder position (Policyholders will be protected by being part of a stronger company as well as the surplus guaranty currently in place with Sagikor's parent).

As this desire was expressed to the OIC when we began the process of seeking approval for the acquisition, and recognizing the benefits of having the merger take place on December 31, 2012 and to not unduly burden the State in having to schedule additional hearings, the OIC and the Company agreed that it was in the best interest of all parties to combine the hearings for each application. However, legally this does provide a slight complication as the merger documents (the Plan, the Board resolutions, etc) cannot technically be executed prior to Sagikor having acquired the Company. Therefore, all documents have been provided to the OIC in final draft form for pre-approval. When the acquisition of the Company is approved by the Washington State Insurance Commissioner (matter is currently before the Commissioner), then immediately thereafter Sagikor will

- Cause the shareholders of both entities to vote on the Plan of Merger, currently before the Commissioner, for adoption. The Plan calls for Sagikor to assume all assets and liabilities of the Company.
- As the management of Sagikor has already provided the merger documents to its Board and as all shares of Sagikor and the Company will ultimately be owned by the same shareholder, we would expect that that approval will be expedited.

**Sagikor Life Insurance Company**

One Metro Center • 4010 W. Boy Scout Blvd., Suite 800 • Tampa, FL 33607-5735  
(888) SAGICOR or (888) 724-4267 • (813) 287-1602 • Fax (813) 287-7420

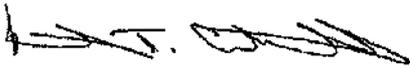
[www.SagikorLifeUSA.com](http://www.SagikorLifeUSA.com)

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- The Plan of Merger and the Articles of Merger will then be executed and filed in final form with the Texas Department of Insurance and the Washington State Insurance Commissioner (we are asking that the Commissioner pre-approve). The merger date is expected to be December 31, 2012 to allow for a clean transition from an accounting and tax reporting standpoint.

I hope that this addresses your questions.

Sincerely,



Bart F. Catmull

Chief Operating Officer  
Office - 813-983-7709  
cc - Dodridge Miller, President  
Board of Directors

# Texas Department of Insurance



Certificate No. 14192

Company No. 01-002655

## Certificate of Authority

THIS IS TO CERTIFY THAT

SAGICOR LIFE INSURANCE COMPANY

AUSTIN, TEXAS

has complied with the laws of the State of Texas applicable thereto and is hereby authorized to transact the business of

Life; Accident and Health

insurance within the state of Texas. This Certificate of Authority shall be in full force and effect until it is revoked, canceled or suspended according to law.



IN TESTIMONY WHEREOF, witness my hand and seal of office at Austin, Texas, this

27th day of September A.D. 2006

MIKE GEESLIN  
COMMISSIONER OF INSURANCE

BY

*Godwin Ohaechesi*

Godwin Ohaechesi, Director  
Company Licensing & Registration

AMENDED  
No. 286

# Certificate of Authority

STATE OF WASHINGTON  
INSURANCE COMMISSIONER  
OLYMPIA

*THIS IS TO CERTIFY, That*

**SAGICOR LIFE INSURANCE COMPANY**  
Austin, ~~Dallas~~ Texas

organized under the laws of TEXAS presented satisfactory evidence of compliance with the Insurance Code of the State of Washington and is therefore granted this Certificate of Authority, authorizing the company, subject to all provisions of this Certificate, to transact the following classes of insurance:

Life  
Disability

*as such classes are now or may hereafter be defined in the Revised Code of Washington.*

*THIS CERTIFICATE is expressly conditioned upon the holder being and remaining in full compliance with, and not in violation of, all of the applicable laws and lawful requirements made under authority of the laws of the State of Washington.*

*THIS CERTIFICATE will be automatically revoked upon failure to annually apply for renewal or pay the statutory fee for renewal.*

*THIS CERTIFICATE IS NOT TRANSFERABLE WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER.*

*IN WITNESS WHEREOF, effective as of the 15th day  
of September, 1961, I have hereunto set my hand  
and caused my official seal to be affixed this 8th day of  
May, 2006.*



*Mike Kreidler*  
Insurance Commissioner

By *[Signature]*  
Deputy Insurance Commissioner

Originally licensed as American Founders Life Insurance Company.