

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON



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OFFICE OF
INSURANCE COMMISSIONER
HEARINGS UNIT
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Chief Hearing Officer

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

Kelly A. Cairns
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BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the Proposed Merger of:)
)
)
PEMCO LIFE INSURANCE COMPANY, a)
Washington domestic insurer)
)
with and into)
)
SAGICOR LIFE INSURANCE COMPANY,)
a Texas corporation.)

No. 12-0279
**NOTICE OF HEARING ON
SAGICOR LIFE INSURANCE
COMPANY'S APPLICATION
FOR APPROVAL OF PROPOSED
MERGER WITH PEMCO LIFE
INSURANCE COMPANY**

TO: Bart Catmull, Chief Operating Officer
Sagicor Life Insurance Company
4343 N. Scottsdale Road, Suite 300
Scottsdale, AZ 85251

James Golembiewski, AVP Compliance
& Associate General Counsel
Sagicor Life Insurance Company
4343 N. Scottsdale Road, Suite 300
Scottsdale, AZ 85251

Timothy J. Parker, Esq.
Carney Badley Spellman, P.S.
701 Fifth Avenue, Suite 3600
Seattle, WA 98104

Michael Perkins, Esq.
Sneed Vine & Perry, P.C.
900 Congress Avenue, Suite 300
Austin, TX 78701

COPY TO: Mike Kreidler, Insurance Commissioner
Mike Watson, Chief Deputy Insurance Commissioner
James T. Odiorne, Deputy Commissioner, Company Supervision Div.
Ronald J. Pastuch, Holding Company Manager, Company Supervision Div.
Carol Sureau, Deputy Commissioner, Legal Affairs Division
Robin Aronson, Staff Attorney, Legal Affairs Division
Mailing Address: P. O. Box 40255 • Olympia, WA 98504-0255
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501

Office of the Insurance Commissioner
P.O. Box 40255
Olympia, WA 98504-0255

NATURE OF PROCEEDING

On September 28, 2012, Sagicor Life Insurance Company (“Sagicor Life” or “Applicant”), a Texas domestic life insurance company, acquired one hundred percent ownership of PEMCO Life Insurance Company (“PEMCO Life”), a Washington domestic life and disability insurance company, pursuant to the Stock Purchase Agreement with PEMCO Mutual Insurance Company, a Washington domestic property and casualty insurance company, dated February 22, 2012, and as approved by the Washington State Insurance Commissioner (“OIC”) by Order entered September 20, 2012. On October 2, 2012, Sagicor Life filed a Form A Statement Regarding the Merger with a Domestic Insurer with the OIC, requesting approval of its proposed merger. On October 5, the OIC advised Sagicor Life that additional information from or action by Sagicor Life was required before the application would be deemed complete. On October 17, Sagicor Life provided supplemental information, exhibits and attachments, and on October 25, the OIC determined that the Form A Statement contained all of the documents and information required to be included therein, and transmitted the Form A Statement to the undersigned with the request that the undersigned conduct an adjudicative proceeding and make the final decision either approving or denying this proposed merger.

Copies of all informational filings about these companies, all Agreements, the relevant current and proposed organizational structures, and all other written communications and documents identified below can be found at <http://www.insurance.wa.gov/orders/judicial-hearings/hearings-cases-p-r.shtml>, are included in the hearing file and are by this reference incorporated herein. If approved by the undersigned, following consideration of evidence presented during the adjudicative proceeding, the parties propose to effectuate the merger some time before January 1, 2013.

**IDENTITIES OF SAGICOR LIFE INSURANCE COMPANY AND
PEMCO LIFE INSURANCE COMPANY;
DETAILS OF PROPOSED MERGER; CONSIDERATION
TO BE PAID; AND RESULT OF MERGER**

I. Identity of Sagicor Life Insurance Company and PEMCO Life Insurance Company.

Sagicor Life Insurance Company is a Texas life insurance corporation organized and licensed in Texas in 1954, and is authorized by Texas as a Texas domestic insurer to transact life, accident and health insurance business (Texas Certificate of Authority No. 14192). Sagicor Life is also licensed by the Washington Insurance Commissioner as a nondomestic insurer to transact life and disability insurance business in Washington State (Washington Certificate of Authority No. 286). Although the state in which Sagicor Life has always been authorized as a domestic insurer has always been Texas, for the past thirty years Sagicor Life has kept its books and records, and principal office, outside Texas in Scottsdale, Arizona (currently at 4343 N. Scottsdale Road, Suite 300, Scottsdale, Arizona 85251) where Sagicor Life conducts its accounting, tax, administration, human resources, compliance, legal, systems, new business, sales, underwriting, policy owner, customer service and claims operations. More recently

Sagicor Life also moved its books and records, and second principal office, outside Texas to Tampa, Florida (currently at 4010 W. Boy Scout Blvd., Suite 800, Tampa, Florida 33607) where it also conducts corporate, new business, agent appointment, underwriting, investments, and accounting operations. When asked for its authority to move its books and records, and principal office, outside Texas, Sagicor Life submitted a Texas Notice of Intent of Insurer to Move its Books, Records, Accounts, and/or Principal Office(s) outside the State of Texas dated November 29, 2011, which it filed with the Texas Department of Insurance on December 1, 2011; and 2) a February 14, 2012 letter from the Texas Department of Insurance to Sagicor Life advising that the Texas DOI had reviewed its Notice of Intent and that the Texas DOI would “take no further action on the transaction at this time.”

The ultimate controlling person of Sagicor Life is Sagicor Financial Corporation, a Barbados publicly traded insurance holding corporation, organized under the laws of Barbados, which has its primary listing on the Barbados Stock Exchange and secondary listings in Trinidad and on the London Stock Exchange. Sagicor Financial Corporation’s principal place of business is in St. Michael, Barbados.

PEMCO Life Insurance Company is a Washington-domiciled stock life and disability insurance corporation which was first organized and licensed as a life and disability insurer in Washington in 1963 (Certificate of Authority No. 923). PEMCO Life’s registered address and main administrative office are in Seattle, Washington. PEMCO Life is a wholly owned subsidiary of Sagicor Life, having been acquired from PEMCO Mutual Insurance Company, a Washington-domiciled mutual property and casualty insurance corporation, on or about September 28, 2012, as approved by the Insurance Commissioner by Order dated September 20, 2012.

II. Proposed Merger and Consideration to be Paid. Sagicor Life recently acquired 100% of the stock of PEMCO Life Insurance Company for valuable consideration as described in and approved by the Order of the Insurance Commissioner entered September 20, 2012. Sagicor Life’s proposed merger with its wholly owned subsidiary PEMCO Life Insurance Company would involve no financial consideration.

III. Result of Proposed Merger. Should this proposed merger be approved, the result would be that PEMCO Life would be merged into Sagicor Life, with Sagicor Life becoming the surviving corporation governed by the laws of the state of Texas. The corporate identity, existence, purposes, powers, objects, franchises, rights and immunities of PEMCO Life shall be wholly merged in to Sagicor Life and the separate existence of PEMCO Life shall cease; PEMCO Life would no longer be a domestic life and disability insurer in Washington. If this merger is approved, Sagicor Life, as the surviving corporation, must assume all of PEMCO Life’s outstanding life, health and accident insurance policies, annuity policies, and other contracts and obligations which are in force on the effective date of the merger and all rights of policyholders and other contract holders must remain unchanged. Sagicor Life’s assumption of all of PEMCO Life’s policy and other contract rights and obligations shall be documented in live testimony from both Sagicor Life’s and PEMCO Life’s authorized representatives during the adjudicative proceeding, and written testimony from these individuals shall be filed as exhibits in the hearing file and shall form part of the basis of the final decision concerning approval of the proposed merger.

IV. Re request for approval of proposed merger: documents to be filed and procedure during the adjudicative proceeding.

All documents filed with Sagicor Life's Form A, and all supplemental documents and information referenced herein, can be found at <http://www.insurance.wa.gov/orders/judicial-hearings/hearings-cases-p-r.shtml>. These documents include, among other documents, 1) the Articles of Merger and the Plan of Merger, both executed by Sagicor Life and PEMCO Life on September 28, 2012; 2) the Stock Purchase Agreement by and between PEMCO Life and Sagicor Life dated February 22, 2012; 3) the Insurance Commissioner's Order Approving Sagicor Life Insurance Company's Proposed Acquisition of PEMCO Life Insurance Company filed September 20, 2012; 4) Pre- and Post-Acquisition and Merger Organizational Charts of Sagicor Financial Corporation; 5) Biographical affidavits of the directors and executive officers of Sagicor Life; 6) Financial statements of Sagicor Financial Corporation for calendar years 2006 through 2011; 7) Annual statements and audited financial statements of Sagicor Life for calendar years 2006 through 2011; 8) the 2012 second quarter financial statements of Sagicor Life and PEMCO Life. Included also are 9) the OIC's October 5, 2012 letter requesting further information from the Applicant; and 10) the Applicant's letter dated October 16, 2012 which provides information in response to the OIC's October 5 request for additional information. The documents specified above, and others also included in the Form A, and all other communications between the Applicant and the OIC, and between the Applicant, PEMCO Life, the OIC and the undersigned, are published at <http://www.insurance.wa.gov/orders/judicial-hearings/hearings-cases-p-r.shtml> and shall be entered as evidence in this proceeding.

Pursuant to RCW 48.31B.015(4), the Washington State Insurance Commissioner shall approve a merger involving a domestic insurer unless, after a public hearing thereon, it is found: 1) that after the change of control, the domestic carrier would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed; 2) the effect of the merger may substantially lessen competition or tend to create a monopoly in insurance in this state; 3) the financial condition of an acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders; 4) the plans or proposals that the acquiring party has to liquidate the insurer, sell its assets, consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to the policyholders of the insurer and not in the public interest; 5) the competence, experience, and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; 6) or the acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

Toward this end, the parties are advised that the Commissioner or his duly authorized representative is expected to testify as to whether he has given reasonable advance notice to the public of the hearing scheduled herein and whether he or any members of his staff has received any objections or concerns relative to this proposed merger and provide details of these objections or concerns. The Commissioner or his duly authorized representative is also expected to testify as to the conclusions he has reached during his examination of the subject Form A and all related documents and communications insofar as they relate to the above stated issues 1) through 6). Further, a duly authorized representative of Sagicor Life is expected to testify as to the above stated issues 1) through 6) and as to whether Sagicor Life or any of its affiliates has received any objections or concerns regarding this proposed merger and provide

details of these objections or concerns. Additionally, a duly authorized representative of PEMCO Life is expected to testify as to the above stated issues and as to whether PEMCO Life or any of its affiliates has received any objections or concerns relative to this proposed merger. Finally, while live testimony from the Commissioner, Sagicor Life, and PEMCO Life will be taken during the hearing as to the above identified issues, written Affidavits from the parties and the Commissioner must be filed, and will be published on the website identified above, at least three days prior to the date of the hearing. Further, oral opening statements from Sagicor Life and PEMCO Life are expected along with written closing arguments to be filed at least three days prior to the date of the hearing. Duly authorized representatives of Sagicor Life and PEMCO Life can include officers and/or directors of the companies, or in house counsel employed by the companies, who are duly authorized by the companies to testify on behalf of the companies. While testimony of outside counsel may be presented, it will be in addition to the testimony of those duly authorized representatives specified above.

YOU ARE HERBY NOTIFIED that the adjudicative proceeding in this matter will be held commencing at 10:00 a.m. Pacific Standard Time on Wednesday, December 12, 2012, in the Office of the Insurance Commissioner, 5000 Capitol Boulevard, Tumwater, Washington 98501, to consider Sagicor Life Insurance Company's proposed merger with PEMCO Life Insurance Company, which is described above. All documents and all other information from the Applicant, Sagicor Life, all communications between the Commissioner, Sagicor Life, PEMCO Life, their affiliates, and the undersigned, which have been filed to date are published on the Commissioner's website for the public's review at <http://www.insurance.wa.gov/orders/judicial-hearings/hearings-cases-p-r.shtml> or by request to the undersigned to review the hearing file or any portions thereof.

The hearing will be held under the authority granted the Insurance Commissioner by Chapter 48.04 RCW and RCW 48.31B.015, and shall have as its purpose consideration of the Applicant's request for approval of the proposed merger of PEMCO Life with and into Sagicor Life. The hearing will be governed by the Administrative Procedure Act, Chapter 34.05 RCW, and the model rules of procedure contained in Chapter 10-08 WAC. 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.

The Insurance Commissioner has not taken, and will not take, any position on this matter prior to entry of the Findings of Facts, Conclusions of Law and Final Order to be entered by the undersigned after hearing.

YOU ARE FURTHER NOTIFIED that all interested individuals may attend the hearing in this matter without prior approval as this is a public proceeding. Further, interested parties may also listen to or otherwise participate in the hearing by telephone by dialing (877) 668-4493, followed by access code number 231 993 38. YOU ARE FURTHER NOTIFIED that all interested individuals and entities may submit comments on, or objections to, this proposed merger to the undersigned. Said comments or objections, which will be included in the hearing record and will be considered by the undersigned prior to her making her final decision in this matter, must be submitted by 9:00 a.m. Pacific Standard Time on Wednesday, December 12, 2012, by fax, U.S. Mail, personal delivery, or email to Judge Petersen. Her fax number is (360) 664-2782; her U.S. Mail address is PO Box 40255, Olympia, WA 98504-0255; her personal delivery address is 5000 Capitol Boulevard, Tumwater, Washington 98501; and her email address is that of her Paralegal,

Kelly A. Cairns, which is KellyC@oic.wa.gov. YOU ARE FURTHER NOTIFIED that, pursuant to RCW 48.31B.015(4)(b), any person whose interest is determined by the undersigned to be affected may present evidence and argument on all issues involved, examine and cross-examine witnesses, and offer oral and written statements, and in connection therewith may conduct discovery proceedings.

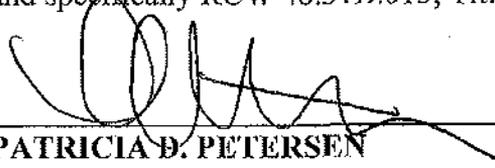
The Insurance Commissioner will appear by and through Robin Aronson, Staff Attorney in his Legal Affairs Division. She can be reached at (360) 725-7181 or RobinA@oic.wa.gov. Sagicor Life Insurance Company and PEMCO Life will be represented by Timothy J. Parker, Esq. of Carney Badley Spellman, P.S., 701 Fifth Avenue, Suite 3600, Seattle, WA 98104-7010. He can be reached at (206) 622-8020 or Parker@carneylaw.com.

Based upon a delegation of authority from the Insurance Commissioner, the undersigned will conduct the hearing and will make the final decision and enter the final order relative to this matter without input from the Insurance Commissioner or his staff or any other individual who has knowledge of the issues herein, except as will be presented as evidence in the hearing. Her address is Office of the Insurance Commissioner, Hearings Unit, P.O. Box 40255, Olympia, WA 98504-0255 and her telephone number is (360) 725-7105. All questions or concerns should be directed to Kelly A. Cairns, Paralegal to the undersigned, who may be reached at the telephone and fax numbers, e-mail or U.S. Mail addresses set forth above.

On November 15, 2012, the undersigned held a first prehearing conference in this matter. The parties were represented by the above stated attorneys. Also in attendance were Bart F. Catmull, Chief Operating Officer of Sagicor Life; James Golembiewski, Associate General Counsel for Sagicor Life; and Ronald J. Pastuch, OIC Holding Company Manager. During said first prehearing conference, the undersigned identified the parties and statutes involved, reviewed procedure to be expected at hearing, and responded to all questions and concerns of the parties. As stated above, **should any party or any interested individual have any further questions or concerns prior to the hearing date, they are advised to telephone or e-mail Kelly A. Cairns, Paralegal to the undersigned, for assistance** or to schedule a second prehearing conference if necessary.

Pursuant to WAC 10-08-040(2) and in accordance with ch. 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 therefore, except as may be provided by ch. 2.42 RCW. Following this Notice is a form you may use to advise the Chief Presiding Officer of your need for an interpreter.

ENTERED at Tumwater, Washington, this 27th day of November, 2012, pursuant to Title 48 RCW and specifically RCW 48.31B.015, Title 34 RCW, and regulations applicable thereto.



PATRICIA D. PETERSEN
Chief 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: Bart F. Catmull, Timothy J. Parker, Esq., James Golembiewski, Esq., Michael Perkins, Esq., Mike Kreidler, Michael G. Watson, Carol Sureau, Esq., Robin Aronson, Esq., James T. Odiorne and Ronald J. Pastuch.

DATED this 28th day of November, 2012.


KELLY A. CAIRNS

HEARINGS UNIT
Fax: (360) 664-2782

Patricia D. Petersen
Chief Presiding 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 Presiding 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. 12-0279, 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: _____