

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

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HEARINGS UNIT  
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2014 MAR 12 P 12: 53

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BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the Proposed	)	No. 14-0004
Redomestication of:	)	
	)	
<b>INVESTORS CONSOLIDATED</b>	)	<b>FINAL ORDER APROVING</b>
<b>INSURANCE COMPANY, a New</b>	)	<b>PROPOSED REDOMESTICATION</b>
<b>Hampshire insurer,</b>	)	<b>AND MERGER</b>
	)	
and the Proposed Merger of:	)	
	)	
<b>WESTERN UNITED LIFE ASSURANCE</b>	)	
<b>COMPANY, a Washington domestic insurer</b>	)	
	)	
with and into	)	
	)	
<b>INVESTORS CONSOLIDATED</b>	)	
<b>INSURANCE COMPANY.</b>	)	
	)	

**TO:** Burnie Burner, Esq.  
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**COPY TO:** Mike Kreidler, Insurance Commissioner  
James T. Odiorne, J.D., CPA, Chief Deputy Insurance Commissioner  
William Michels, Deputy Commissioner, Company Supervision Division  
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Gayle Pasero, Company Licensing Manager, Company Supervision Div.  
Ronald J. Pastuch, Holding Company Manager, Company Supervision Div.  
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### **NATURE OF PROCEEDING**

**Western United Life Assurance Company** (“WULA”) is a Washington stock life insurance company authorized to operate as a life and disability insurer in Washington state. **Investors Consolidated Insurance Company** (“ICIC”), which is a wholly owned subsidiary of WULA, is a New Hampshire stock life insurance company authorized to operate as a foreign life and disability insurer in Washington state. ICIC proposes to change its domicile to Washington state, and thereafter merge WULA with and into ICIC pursuant to the Agreement and Plan of Merger executed by the two companies. On October 24, 2013, ICIC filed a UCAA Primary Application (“Application”) seeking the OIC’s approval to redomesticate from New Hampshire to Washington state. On that same date, ICIC and WULA filed an application seeking approval of their plan to merge ICIC and WULA, with ICIC being the surviving entity. After the proposed transactions are completed, ICIC seeks to rename itself Western United Life Assurance Company. On December 24, 2013 the OIC determined that the applications contained all of the documents and information required to be included therein, and therefore at that time transmitted the applications for the redomestication and merger to the undersigned with the request that the undersigned conduct an adjudicative proceeding and make the final decision either approving or denying approval of the proposed redomestication and merger.

All documents filed with the OIC 1) by ICIC for the OIC’s approval of its proposed plan to redomesticate to Washington; and 2) by ICIC and WULA for the OIC’s approval of their proposed plan to merge ICIC and WULA with ICIC being the surviving entity, and all supplemental documents and information referenced herein, can be found at <http://www.insurance.wa.gov/laws-rules/administrative-hearings/judicial-proceedings/w-z/> or by contacting Kelly Cairns, Paralegal to the undersigned, at the above addresses and telephone number. These documents and materials include, among other documents, 1) ICIC’s UCAA Primary Application for Redomestication; 2) ICIC’s Plan of Operation, including the Post Merger Business Plan for the merger of ICIC and WULA; 3) ICIC’s current Articles of Incorporation, and Proposed Amended and Restated Articles of Incorporation of ICIC; 4) ICIC’s current Bylaws, and Proposed Amended and Restated Bylaws of WULA; 5) ICIC’s 2012 and 2013 financial statements; 6) biographical affidavits of officers of WULA; 7) Agreement and Plan of Merger of WULA and ICIC; 8) Articles of Merger of WULA and ICIC; 9) both current and proposed organizational charts of WULA and ICIC and identification of their parent and other affiliated companies; and 10) a Summary of Proposed Transactions. The documents specified above, and others also included in ICIC’s applications herein, and all written communications between WULA, ICIC and the OIC which were filed in this matter are published at the referenced website for public inspection and shall be entered into evidence in this proceeding.

### FINDINGS OF FACT

1. **Identity of Investors Consolidated Insurance Company (ICIC).** David Harris, an individual residing in Texas, owns 83.4% of the outstanding shares of Harris Insurance Holdings, Inc., a Texas insurance holding corporation, FEIN No. 52-1734038 with other family members owning virtually all of the rest of the company's outstanding shares. In turn, Harris Insurance Holdings, Inc. owns 100% of the issued and outstanding shares of Central United Life Insurance Company, FEIN No. 42-0884060, an Arkansas insurer, NAIC No. 61883. In turn, Central United Life Insurance Company owns 100% of the issued and outstanding shares of ICIC, a New Hampshire stock life and disability insurance company with its home office located in Concord, New Hampshire which holds a Washington Certificate of Authority issued by the OIC, No. 500444, authorizing it to operate as a foreign life and disability insurer in Washington state. On March 29, 2013, Central United Life Insurance Company acquired WULA; immediately thereafter, Central United Life Insurance Company contributed 100% of the shares of ICIC to WULA; thereby, WULA currently owns 100% of the issued and outstanding shares of ICIC. [Ex. 1, Application.]

2. **Identity of Western United Life Assurance Company (WULA).** Western United Life Assurance Company (WULA) is a Washington stock life insurance company which holds a Washington Certificate of Authority issued by the Washington State Insurance Commissioner ("OIC"), No. 924, authorizing it to operate as a life and disability insurer in Washington state. As above, currently Central United Life Insurance Company wholly owns WULA and, in turn, WULA wholly owns ICIC. [Ex. 1, Application.]

3. **Proposed plans.** As reflected in the applications filed herein, ICIC proposes to redomesticate from New Hampshire to Washington. Immediately thereafter, ICIC and WULA propose to merge, with ICIC being the surviving entity. ICIC, the surviving entity, then proposes to change its name to Western United Life Assurance Company (the same name as the entity with which ICIC has merged and become the surviving entity). One reason for this transaction, ICIC advises, is that currently ICIC holds more certificates of authority to operate in states throughout the country than does WULA. [Live and Written Testimony of Daniel George; Ex. 1, Application.]

4. **Anticipated Result of Proposed Redomestication, Merger and Renaming of Investors Consolidated Insurance Company to Western United Life Assurance Company.** Pursuant to the Business Plan for the proposed merger of ICIC and WULA, the small book of life and health insurance product lines currently sold by ICIC will be discontinued following the merger so the surviving company can focus on the marketing of fixed annuities, which has been the exclusive focus of WULA's marketing efforts. The merged companies, renamed Washington United Life Assurance Company, will continue to execute the currently existing WULA's Business Plan to distribute fixed annuities through carefully selected and supervised independent agents. ICIC and WULA have stated that, should the Applicants' proposals be approved and consummated, all individuals who are covered under the plans of either or both ICIC or WULA will have the same rights after the redomestication of ICIC to Washington, and after the merger of ICIC and WULA with ICIC being the surviving company, and after renaming ICIC Western United Life Assurance Company, as they had before this multi-faceted transaction was consummated. Further, ICIC and WULA have indicated that neither company is involved in any litigation or other legal action therefore the proposed redomestication of ICIC and/or the

merger of ICIC and WULA and/or the renaming of ICIC to Western United Life Assurance Company proposed herein will not affect jurisdiction or rights of any parties. [Live and Written Testimony of George; Live and Written Testimony of Dale Whitney.]

5. **Application of statutory criteria to ICIC's proposed redomestication from New Hampshire to Washington state.** On October 24, 2013, ICIC filed a UCAA Primary Application for the redomestication of ICIC from New Hampshire to Washington, and in so doing filed its application at least 30 days prior to its proposed date of redomestication. [Live and Written Testimony of Gayle D. Pasero; Ex. A, Application.]

6. ICIC's plan to redomesticate from New Hampshire to Washington state is consistent with law, and no reasonable objections to the plan exist.

7. **Application of statutory criteria to approval of proposed merger.** On October 24, 2013, WULA and ICIC filed a request for merger application with the OIC, requesting approval of the proposed merger of WULA with and into ICIC after the redomestication of ICIC to Washington, and in so doing filed its application at least 60 days prior to its proposed date of merger.

8. It cannot be found that after the merger, the surviving company 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. [Live and Written Testimony of George; Live and Written Testimony of Whitney; Live and Written Testimony of Pastuch; Ex. 1, Application.]

9. It cannot be found that the effect of the merger may substantially lessen competition or tend to create a monopoly in insurance in this state. [Live and Written Testimony of George; Live and Written Testimony of Whitney; Ex. 1, Application.]

10. It cannot be found that the financial condition of WULA and/or ICIC is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders. [Live and Written Testimony of George; Live and Written Testimony of Whitney; Live and Written Testimony of Ronald J. Pastuch; Ex. 1, Application.]

11. It cannot be found that 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. [Live and Written Testimony of George; Live and Written Testimony of Whitney; Live and Written Testimony of Pastuch; Ex. 1, Application.]

12. It cannot be found that 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. [Live and Written Testimony of George; Live and Written Testimony of Whitney; Live and Written Testimony of Pastuch; Ex. 1, Application.]

13. It cannot be found that the merger is likely to be hazardous or prejudicial to the insurance-buying public. [Live and Written Testimony of George; Live and Written Testimony of Whitney; Live and Written Testimony of Pastuch; Ex. 1, Application.]

14. On February 4, 2014, the undersigned entered her Notice of Hearing summarizing this proposed transaction and informing the parties and the public that the hearing herein would take place on February 25, 2014 at the hour of 12:00 p.m. and advising that any interested party could participate in the hearing. [Hearing Ex. 1, Notice of Hearing.] The OIC published this Notice of Hearing on the Insurance Commissioner's website on February 5, 2014. Said Notice remained published on the OIC's website until the time of the hearing. [Live and Written Testimony of Pastuch, Live and Written Testimony of Pasero, Ex. A.] By these means, reasonable notice was given to the public.

15. Neither the OIC, ICIC, WULA nor the undersigned has received any objections to the proposed redomestication and merger. [Live and Written Testimony of George; Live and Written Testimony of Whitney; Live and Written Testimony of Pastuch.]

16. Daniel George, President and Treasurer of Investors Consolidated Insurance Company and Chief Executive Officer of Western United Life Assurance Company, testified on behalf of the companies. Mr. George presented his testimony in a clear, detailed and credible manner and exhibited no apparent biases.

17. Dale Whitney, President of Western United Life Assurance Company, testified on behalf of WULA. Mr. Whitney presented his testimony in a clear, detailed and credible manner and exhibited no apparent biases.

18. Gayle D. Pasero, Company Licensing Manager in the Company Supervision Division of the Office of the Insurance Commissioner, testified on behalf of the OIC. Ms. Pasero presented her testimony in a clear, detailed and credible manner and exhibited no apparent biases.

19. Ronald J. Pastuch, Holding Company Manager in the Company Supervision Division of the Office of the Insurance Commissioner, testified on behalf of the OIC. Mr. Pastuch presented his testimony in a clear, detailed and credible manner and exhibited no apparent biases.

20. Based upon the above Findings of Facts, it is here found that there exists no basis for denial of the ICIC's and WULA's request for approval of the proposed redomestication of Investors Consolidated Insurance Company and its merger with Western United Life Assurance Company and that therefore it is reasonable that this proposed redomestication and merger should be approved.

### **CONCLUSIONS OF LAW**

1. The hearing herein was duly and properly convened and all substantive and procedural requirements under the laws of the state of Washington have been satisfied. Pursuant to Title 48 RCW and specifically RCW 48.07.210 and RCW 48.31B, the Washington State Insurance Commissioner has jurisdiction over the proposed redomestication of Investors Consolidated Insurance Company and merger of Western United Life Assurance Company with and into ICIC. Further, the undersigned has been properly delegated the authority to conduct the adjudicative proceeding in this matter, to review and consider all documents and evidence presented and to make the final determination herein without

consultation with the Insurance Commissioner, any member of his staff or any other individual who has knowledge of the facts of this matter.

2. Based upon the Findings of Fact, ICIC filed its Application for Redomestication with the Insurance Commissioner on October 24, 2014, with a proposed effective date after said Application was reviewed and approved by the Insurance Commissioner. Therefore, ICIC has provided at least thirty days advance written notice of its plan to the Commissioner as required by RCW 48.07.210(1).

3. Based upon the above Findings of Fact, reasonable and adequate notice of the hearing required by the Insurance Commissioner was given, in compliance with RCW 48.07.210(1).

4. Based upon the above Findings of Fact, after the hearing herein, the proposed transfer of domicile of Investors Consolidated Insurance Company from the state of New Hampshire to the state of Washington is consistent with law, and no reasonable objection to the plan exists.

5. Pursuant to RCW 48.31B.015, Investors Consolidated Insurance Company and Western United Life Assurance Company filed the application requesting approval of the proposed merger at least sixty days before its proposed consummation of the merger. As contemplated therein, the OIC staff properly determined that the application was complete and transferred the file to the undersigned with the request that an adjudicative proceeding be held to hear evidence and make the final decision in this matter.

6. In addition to compliance with the various requirements set forth in RCW 48.31B.015, pursuant to RCW 48.31B.015(4), the OIC 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 acquisition or 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.

7. Based on Finding of Fact No. 8 above, after the merger of WULA and ICIC, WULA will be able to continue to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed as contemplated by RCW 48.31B.015(4)(a)(i).

8. Based on Finding of Fact No. 9 above, the effect of the merger will not substantially lessen competition or tend to create a monopoly in insurance in this state as contemplated by RCW 48.31B.015(4)(a)(ii).

9. Based on Finding of Fact No. 10 above, the financial condition of the merging companies is not such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders as contemplated by RCW 48.31B.015(4)(a)(iii).
10. Based on Finding of Fact No. 11 above, 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 not unfair or unreasonable to the policyholders of the insurer nor are they not in the public interest as contemplated by RCW 48.31B.015(4)(a)(iv).
11. Based on Finding of Fact No. 12 above, the competence, experience, and integrity of those persons who would control the operation of the insurer are such that it would not be against the interest of policyholders of the insurer and of the public to permit the acquisition of control as contemplated by RCW 48.31B.015(4)(a)(v).
12. Based on Finding of Fact No. 13 above, the merger is not likely to be hazardous or prejudicial to the insurance-buying public as contemplated by RCW 48.31B.015(4)(a)(vi).
13. Based on Findings of Fact Nos. 14 and 15 above, reasonable notice of this proposed merger was given to the public, and no reasonable objections exist.
14. The provisions of the Insurance Code of the State of Washington, Chapter 48.07 RCW, and specifically RCW 48.07.210 governing the conversion of a foreign insurer to a domestic insurer, have been met, and it is therefore hereby concluded that the Application for approval of the proposed redomestication of ICIC should be approved.
15. The provisions of the Insurance Code of the State of Washington, Chapter 48.31B RCW, and specifically RCW 48.31B.015 governing the approval of mergers, have been met, and it is therefore hereby concluded that the Application for approval of the proposed merger of WULA with and into ICIC should be approved.

### ORDER

Based upon the above Findings of Fact and Conclusions of Law,

IT IS HEREBY ORDERED that Investors Consolidated Insurance Company's request for approval of its proposed redomestication from New Hampshire to Washington state and the proposed merger of Western United Life Assurance Company with and into Investors Consolidated Insurance Company, under the terms of the Agreement and Plan of Merger of Western United Life Assurance Company and Investors Consolidated Insurance Company, other documents pertinent to this transaction which were filed herein, and specific testimony presented at hearing, is approved.

IT IS FURTHER ORDERED that at the close of the adjudicative proceeding held February 25, 2014, after presentation of all evidence, the undersigned orally granted approval of the proposed redomestication effective on that date and further granted approval of the proposed merger effective

immediately upon the approval of the redomestication by the state of New Hampshire. Therefore, this written Order confirms that oral Order entered by the undersigned on February 25, 2014. Approval of this proposed redomestication and merger is therefore granted effective February 25, 2014.

ENTERED at Tumwater, Washington, this 12<sup>th</sup> day of March, 2014, pursuant to Title 48 RCW and specifically RCW 48.07.210 and RCW 48.31B.015, Title 34 RCW, and regulations applicable thereto.



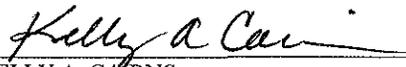
**PATRICIA D. PETERSEN**  
Chief Presiding Officer

Pursuant to RCW 34.05.461(3), the parties are advised that they may seek reconsideration of this order by filing a request for reconsideration under RCW 34.05.470 with the undersigned within 10 days of the date of service (date of mailing) of this order. Further, the parties are advised that, pursuant to RCW 34.05.514 and 34.05.542, this order may be appealed to Superior Court by, within 30 days after date of service (date of mailing) of this order, 1) filing a petition in the Superior Court, at the petitioner's option, for (a) Thurston County or (b) the county of the petitioner's residence or principal place of business; and 2) delivery of a copy of the petition to the Office of the Insurance Commissioner; and 3) depositing copies of the petition upon all other parties of record and the Office of the Attorney General.

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: Burnie Burner, Esq., Daniel J. George, Mike Kreidler, James T. Odiorne, William R. Michels, Ronald J. Pastuch, Gayle D. Pasero, AnnaLisa Gellermann and Marcia G. Stickler..

DATED this 12<sup>th</sup> day of March, 2014.

  
KELLY A. CAIRNS