



OFFICE OF
INSURANCE COMMISSIONER
HEARINGS UNIT
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FILED

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BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the Proposed)
Redomestication of:)
)
INVESTORS CONSOLIDATED)
INSURANCE COMPANY, a New)
Hampshire insurer,)
)
and the Proposed Merger of:)
)
WESTERN UNITED LIFE ASSURANCE)
COMPANY, a Washington domestic insurer)
)
with and into)
)
INVESTORS CONSOLIDATED)
INSURANCE COMPANY.)
)

No. 14-0004
**NOTICE OF HEARING
ON PROPOSED
REDOMESTICATION
AND MERGER**

TO: Burnie Burner, Esq.
Mitchell, Williams, Selig, Gates & Woodyard, PLLC
106 East Sixth Street, Suite 300
Austin, TX 78701-3661

Daniel J. George, President
Central United Life Insurance Company
2727 Allen Parkway, Suite 500
Houston, TX 77019-2115

COPY TO: Mike Kreidler, Insurance Commissioner
James T. Odiorne, J.D., CPA, Chief Deputy Insurance Commissioner
William Michels, Deputy Commissioner, Company Supervision Division

Mailing Address: P. O. Box 40257 • Olympia, WA 98504-0257
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Gayle Pasero, Company Licensing Manager, Company Supervision Div.
Ronald J. Pastuch, Holding Company Manager, Company Supervision Div.
AnnaLisa Gellermann, Esq., Deputy Commissioner, Legal Affairs Division
Marcia Stickler, Staff Attorney, Legal Affairs Division
Office of the Insurance Commissioner
P.O. Box 40255
Olympia, WA 98504-0255

NATURE OF PROCEEDING

Western United Life Assurance Company (“WULA” or “Applicant”) 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. **Investors Consolidated Insurance Company** (“ICIC” or “Applicant”), which is a wholly owned subsidiary of WULA, is a New Hampshire stock life insurance company 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. 1) As required, ICIC has filed an application seeking the OIC’s approval to redomesticate from New Hampshire to Washington state. 2) As required, ICIC and WULA have filed an application seeking to merge ICIC and WULA, with ICIC being the surviving entity. 3) After the proposed transactions are completed, ICIC seeks to rename itself Western United Life Assurance Company. The proposed transactions are more fully described in the Summary of Proposed Transactions prepared by the Applicants and filed on February 3, 2014. The undersigned has been delegated the responsibility to conduct the adjudicative proceeding herein and to make the final determination whether the proposed plans of redomestication and merger meet the statutory criteria and should be approved, or whether one or both fails to meet the statutory criteria and should be denied.

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.

I. Identity of Investors Consolidated Insurance Company (ICIC), the Applicant.

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.

II. Identity of Western United Life Assurance Company (WULA), the Applicant.

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.

III. 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.

IV. Anticipated Result of Proposed Redomestication, Merger and Renaming of Investors Consolidated Insurance Company to Western United 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 is here requested, and the OIC has been requested to review and confirm, 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, WULA and the OIC are asked to provide information in their written statements concerning all outstanding actions against either WULA or ICIC and whether the 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 affect jurisdiction or rights of the parties in any of these actions. Specific testimony from ICIC, WULA and the OIC on these issues are required in this proceeding in the form of written and oral testimony in the time frames and in the written and oral forms set forth in section VI. below.

V. Statutory criteria re ICIC’s request for approval to redomesticate from New Hampshire to Washington state.

The redomestication of ICIC from New Hampshire to Washington state is controlled by [RCW 48.07.210](#). Pursuant to RCW 48.07.210(1), the OIC shall not approve any plan of redomestication to Washington unless, after a hearing, pursuant to such notice as the OIC may require, the OIC finds that the plan is consistent with law, and that no reasonable objections to the plan exists. Further, RCW 48.07.210(3) provides that when an admitted foreign insurer transfers its corporate domicile to Washington, the certificate of authority, appointment of statutory agent, and all approved licenses, policy forms, rates, filings, and other authorizations and approvals in existence at the time the foreign insurer transfers its corporate domicile shall continue in effect.

Toward this end, the parties are advised that the Washington State Insurance 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 acquisition and provide details of these objections or concerns. The Commissioner or his duly authorized representative is also expected to testify as to whether ICIC’s plan of redomestication from New Hampshire to Washington is consistent with law, and whether any reasonable objections or concerns exist. Further, both the Commissioner or his duly authorized representative, and ICIC, are also expected to testify as to whether he is satisfied that ICIC’s certificate of authority, appointment of statutory agent, and all approved licenses, policy forms, rates, filings, and other authorizations and approvals in existence at the time ICIC transfers its corporate domicile shall continue in effect as contemplated by [RCW 48.07.210](#). Specific testimony from ICIC, WULA and the OIC on these issues are required in this proceeding in the form of written and oral testimony in the time frames and in the written and oral forms set forth in sections VI. below.

VI. Statutory criteria re request for approval of proposed merger: documents to be filed and procedure during the adjudicative proceeding.

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 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 merger or other acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

Toward this end, the parties are advised that the Washington State Insurance 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; 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) above; and also as to those specific issues identified in Section IV above. Further, a duly authorized representative of ICIC is expected to testify as to the above stated issues 1) through 6) above; as to whether ICIC or any of its affiliates has received any objections or concerns regarding this proposed acquisition and provide details of these objections or concerns; and also as to those specific issues identified in Section IV above. Additionally, a duly authorized representative of WULA is expected to testify as to the above stated issues 1) through 6) above; as to whether WULA or any of its affiliates has received any objections or concerns regarding this proposed acquisition and provide details of these objections or concerns; and also as to those specific issues identified in Section IV above.

Finally, while live testimony from the Commissioner, ICIC, and WULA will be taken during the hearing as to the above identified issues, written Declarations from the parties and the Commissioner must be filed at least five business days prior to the date of the hearing. Further, oral opening statements from ICIC and WULA are expected along with written closing arguments to be filed at least five business days prior to the date of the hearing. Duly authorized representatives of ICIC and WULA can include officers and/or directors of the companies or in house counsel employed by 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 a hearing will be held, in person, commencing at 12:00 p.m. Pacific Standard Time on February 25, 2014, in the Office of the Insurance Commissioner, 5000 Capitol Boulevard, Tumwater, WA 98501, to consider ICIC's request for approval of its proposed redomestication from New Hampshire; and immediately thereafter ICIC's and WULA's proposed plan to merge ICIC and WULA, with ICIC being the surviving entity; and immediately thereafter ICIC's, as the surviving entity, proposed plan to change its name to Western United Life Assurance Company. Said consideration will include consideration of the documents filed before, with, and subsequent to the applications, which are referenced above and are all published on the Insurance Commissioner's website at <http://www.insurance.wa.gov/laws-rules/administrative-hearings/judicial-proceedings/w-z/>, and all input from any interested party in the form of written and/or electronic and/or oral testimony either by telephone or in person.

The hearing will be held under the authority granted the Insurance Commissioner by [Chapter 48.04 RCW](#), [RCW 48.07.210](#) and [RCW 48.31.010](#), and shall have as its purpose consideration of ICIC's

request for approval of its proposed plan to redomesticate to Washington state; then ICIC's and WULA's proposed plan to merge, with ICIC becoming the surviving entity; then ICIC's plan to immediately change its name from Investors Consolidated Insurance Company to Western United Life Assurance Company. 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 present questions about, and submit comments on or objections to, this proposed redomestication and 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 February 25, 2014, 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 any interested person 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 Marcia Stickler, Esq., Staff Attorney in his Legal Affairs Division. She can be reached at (360) 725-7048 or MarciaS@oic.wa.gov. Investors Consolidated Insurance Company and Western United Life Assurance Company will be represented by Burnie Burner, Esq. of Mitchell, Williams, Selig, Gates & Woodyard, PLLC, 106 East Sixth Street, Suite 300, Austin, TX 78701-3661. He can be reached at (512) 480-5119 or bburner@mwlaw.com.

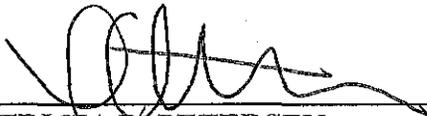
Based upon a delegation of authority from the Insurance Commissioner, the undersigned will conduct the hearing and will make the final decision and enter the final order relative to this matter without input from the Insurance Commissioner or his staff or any other individual who has knowledge of the 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 January 16, 2014, the undersigned held a first prehearing conference in this matter. Participants included: Marcia Stickler, Esq., OIC Staff Attorney; Ronald J. Pastuch, OIC Holding Company

Manager; Gayle Pasero, Company Licensing Manager; and Burnie Burner, Esq. of Mitchell, Williams, Selig, Gates & Woodyard, PLLC, attorney for ICIC and WULA. 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 4th day of February, 2014, pursuant to Title 48 RCW and specifically RCW 48.31.010, Title 34 RCW, and regulations applicable thereto.



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

DATED this 5th day of February, 2014.


KELLY A. CAIRNS