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FEB 20 2014

Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the Proposed Merger of:

NO. 14-0004

WESTERN UNITED LIFE ASSURANCE
COMPANY, a Washington Domestic
Insurer,

**DECLARATION OF
RONALD J. PASTUCH**

with and into

INVESTORS CONSOLIDATED
COMPANY, a New Hampshire insurer

the Applicant.

Ronald J. Pastuch, under penalty of perjury under the laws of the State of Washington,
declares as follows:

1. I am the Holding Company Manager in the Company Supervision Division of
the Washington State Office of Insurance Commissioner ("OIC"). I am over the age of
eighteen years old and I am competent to testify in this matter. I make this Declaration based
upon my personal knowledge.

2. I am a graduate of Pacific Lutheran University, where I earned a Bachelor of
Arts Degree in Business Administration in 1988. I received my CPA license in 2003.

1 3. My previous state employment includes the Washington Department of
2 Veterans Affairs from 1980 to 1987 in accounting and human resource positions, and the
3 Office of the Insurance Commissioner from 1987 to 1991 as a staff accountant, from 1991 to
4 1993 as a field Insurance Examiner in the OIC Company Supervision Division, and from
5 1993 to 2006 as a Financial Analyst at various levels within the same division.

6 4. On February 16, 2006, I was appointed the Holding Company Manager in the
7 same division. As the Holding Company Manager, my primary duties consist of reviewing
8 and approving holding company transactions, which include reviewing and recommending
9 OIC staff's position on proposed requests for insurance company acquisitions and mergers,
including disclaimers of control.

10 5. On October 25, 2013, Investors Consolidated Insurance Company ("Investors
11 Consolidated" or "Applicant") filed an application for approval of the proposed merger of
12 Western United Life Assurance Company ("WULA") in its combined application for
13 redomestication and merger dated October 24, 2013. WULA is a Washington domiciled
14 stock insurance company incorporated on June 3, 1963, and began writing business on June
15 11, 1963. WULA has been licensed to write life and disability coverages in Washington State
16 since its inception. WULA was previously a wholly owned corporation of Global Life
17 Holdings until March 31, 2013, when Central United Life Insurance Company acquired
WULA. Central United Life Insurance Company is the sole shareholder of WULA.

18 6. Investors Consolidated is a New Hampshire life insurance corporation and has
19 been licensed in Washington State since November 2009. The company was originally
20 incorporated in 1975 under the name Peoples Life Insurance Company, and later acquired by
21 Mr. David Harris in 1982. In 2000, it later redomesticated from North Carolina to New
22 Hampshire and later merged with Christian Mutual Life Insurance Company. The company
23 later became a subsidiary of Central United Life in 2004. After Central United Life's
acquisition of WULA, Investors Consolidated became a subsidiary of WULA in 2013. The

1 company has filed an application to redomicile from New Hampshire to Washington to
2 facilitate the review and statutory requirements for the merger of WULA with and into
3 Investors Consolidated.

4 7. Included within its application filing, Investors Consolidated and WULA will
5 entered into a Plan of Merger Agreement, where WULA would merge with and into Investors
6 Consolidated shortly after the approval of the Plan of Merger by the commissioner.

7 8. Investors Consolidated submitted the Plan of Merger Agreement, various
8 Exhibits in their application of merger filing, including the fore mentioned Plan of Merger
9 Agreement, Articles of Merger, board of directors and stockholder consents regarding the
10 proposed merger transaction, certification of board resolutions certified and signed by their
11 corporate secretaries, and a biographical affidavit of one of its officers.

12 9. On November 25, 2013, the OIC sent notice to Investors Consolidated counsel
13 advising the company's application of merger filing did not have correct attestation signature
14 page since the redomestication of Investors Consolidated had not yet been approved by the
15 commissioner. The OIC requested an unsigned signature pages provided for its application of
16 merger filing.

17 10. On November 26, 2013, counsel for Investors Consolidated provided the
18 company's response to the OIC's November 25, 2013, deficiency notice with an unsigned
19 attestation pages to its Plan of Merger Agreement.

20 11. On December 24, 2013, OIC sent a letter to the Chief Hearing Officer
21 regarding this application for merger filing as being complete and requested a hearing to
22 decide on such matter.

23 12. I have reviewed and analyzed these submittals. My analysis was performed
under the criteria set forth in RCW 48.31.010 and RCW 48.31B.015(4). From my analysis,

a. The domestic insurer would be able to satisfy the requirements for the
issuance of a license to write its current lines of business from which it is presently licensed.

1 As stated previously, WULA and Investors Consolidated are presently licensed to write life
2 and disability coverages. Investors Consolidated minimum capital and surplus as of the date
3 of the Declaration is \$4.8 million (\$4,800,000). As of its latest financial statement as of
4 September 30, 2013, and filed with the OIC, Investors Consolidated reportedly has \$15
5 million in admitted assets and \$7.6 million in capital and surplus. As the date of this
6 Declaration, Investors Consolidated meets the minimum requirements to maintain its license
7 to operate in Washington. WULA's assets and liabilities including its financial information
8 will be merged into Investors Consolidated. WULA reportedly has \$844 million in admitted
9 assets and \$60.9 million in capital and surplus as of September 30, 2013. After the merger,
10 Investors Consolidated will possess approximately \$60.9 million in capital and surplus and
will exceed the minimum capital and surplus requirement for a Washington life insurer.

11 b. The effect of the proposed merger of control would not lessen competition
12 in this state or tend to create a monopoly therein. The OIC previously reviewed a market
13 analysis of the acquisition and found no competitive standard issues during the acquisition of
14 WULA. Investors Consolidated and WULA are now affiliates within the Harris holding
15 company system and the proposed merger (acquisition) is therefore exempt from OIC review
according to RCW 48.31B.020(2)(b)(iv).

16 c. The financial condition of Investors Consolidated appears that it would not
17 jeopardize the financial stability as a domestic insurer or prejudice the interest of its
18 policyholders. As of September 30, 2013, Investors Consolidated unaudited financial
19 condition has reportedly \$15 million in assets and \$7.6 million in capital and surplus and \$520
20 thousand in total life and accident and health writings nationwide. Investors Consolidated
21 report \$77 in life premiums to date in Washington. Its AM Best rating is B+ (Good) as of
22 April 17, 2013, and has reportedly maintained that rating since 2009. Investors Consolidated
23 financial position will improve upon its merger with WULA whereby it will possess capital
and surplus of approximately \$60.9 million. Based on these facts, the proposed merger

1 transaction would not jeopardize the financial stability of Investors Consolidated as the
2 surviving entity or prejudice the interest of Investors Consolidated or WULA's policyholders
3 from the proposed transfer of WULA contracts through the merger transaction into Investors
4 Consolidated.

5 d. Investors Consolidated is proposing to merge with WULA and is the reason
6 for this application filing. Central United Life, both companies' parent company, had
7 previously indicated its intent to merge Investors Consolidated into WULA in its 2012 Form
8 A Statement from Central United to acquire control of WULA. In this application for merger
9 filing, Investors Consolidated and WULA filed information about the merger in its Plan of
10 Merger agreement, Articles of Merger, and description of the result of this merger. Investors
11 Consolidated would merge all assets and liabilities of WULA's business with and into
12 Investors Consolidated as a result of this merger. WULA's outstanding stock certificates will
13 be cancelled by Investors Consolidated and WULA will cease to exist after the consummation
14 of the merger. WULA operations will remain in Spokane, Washington and reportedly no
15 changes to existing WULA staff.

16 e. We verified the same persons who were listed in the 2012 Form A filing
17 who are currently the directors and/or officers of Investors Consolidated and WULA. There
18 are no reported changes to the listed persons' biographical affidavit. As previously mentioned,
19 we did not detect any representation that would question the integrity of the current directors
20 and officers of WULA including the information filed with the application for merger filing.

21 f. We are not aware that the merger (acquisition) is likely to be hazardous or
22 prejudicial to the insurance buying public. We expect the current directors and officers to
23 provide services that would not be hazardous or prejudicial to the existing Investors
24 Consolidate or WULA policyholders.

25 13. We also reviewed the proposed merger transaction according to the
26 requirements of RCW 48.31.010(1) which lists the required documents and conditions where

1 a domestic insurer may merge or consolidate with another insurer. Those conditions are listed
2 as follows:

3 a. The plan of merger or consolidation must be submitted to and be approved
4 by the commissioner in advance of the merger or consolidation;

5 b. The plan of merger is to be fair, equitable, and consistent with law, and that
6 no reasonable objection exists. As previously mentioned, Investors Consolidated will be the
7 surviving entity and WULA will be the merged entity. Investors Consolidated will merge all
8 assets and liabilities of WULA's business with and into Investors Consolidated as a result of
9 this proposed merger. WULA's outstanding stock certificates will be cancelled by Investors
Consolidated and WULA will cease to exist after the consummation of the merger;

10 c. No director, officer, or member, or subscriber of any such insurer, except as
11 is expressly provided by the plan of merger, shall receive any fee, commission, other
12 compensation, or valuable compensation whatsoever, for in any manner aiding, promoting or
13 assisting in this proposed merger according to the proposed testimony from representatives
affidavits of Investors Consolidated and WULA;

14 d. Any merger as to the incorporated domestic insurer shall in other respects
15 be governed by the general laws of this state relating to business corporations. We reviewed
16 the Washington Business Corporation Act regarding mergers pursuant to chapter 23B.11
17 RCW. We also reviewed those statutory requirements within that chapter according to the
18 plan of merger, merger of subsidiary, merger with foreign corporation, articles of merger, and
the effect of merger with foreign and domestic entities.

19 14. According to RCW 23B.11.040, a parent corporation owning at least ninety
20 percent of the outstanding shares of each class of a subsidiary corporation may merge the
21 subsidiary into itself without the approval of the shareholders of the parent or the subsidiary.
22 That statute also sets forth the requirements of the board of directors of the parent corporation
23 for its approval of a plan of merger. Since Investors Consolidated is a wholly-owned

1 subsidiary of WULA, neither Investors Consolidated nor WULA was required to obtain the
2 approval of WULA sole shareholder, which is Central United Life, or Investors Consolidated
3 sole shareholder, which is WULA itself.

4 15. According to RCW 23B.11.050, the articles of merger are to incorporate the
5 plan of merger, and a statement whether that the merger was duly approved by the
6 shareholders of each corporation. Investors Consolidated and WULA submitted a copy of the
7 proposed Articles of Merger. According to sections 8 and 9 of those Articles, since Investors
8 Consolidated is a wholly-owned subsidiary of WULA and has met the exception for
9 shareholder approval according to RCW 23B.11.040, no vote was required by either Investors
10 Consolidated sole shareholder or WULA sole shareholder. Those Articles meet the statutory
11 requirements of RCW 23B.11.040 and 23B.11.050.

12 16. The OIC is satisfied that the proposed Articles of Merger submitted for OIC
13 consideration meet the statutory requirements according to the above statutes. Those proposed
14 articles of merger are sufficient for approval by the Chief Hearing Officer.

15 17. Investors Consolidated and WULA have submitted all necessary documents to
16 the OIC in connection with the proposed merger. The OIC is satisfied with the necessary
17 documents meeting the statutory requirements for a merger according to RCW 48.31B.015
18 and 48.31.010. The OIC recommends the presiding officer to approve the merger of WULA
19 by the Applicant.

20 18. From a procedural standpoint, the OIC requires that notice of this proposed
21 merger be given to the public via the Internet (on the Insurance Commissioner's website).
22 February 14, 2014, the OIC posted a notice on the Insurance Commissioner's website
23 concerning the proposed redomestication of Investors Consolidated and proposed merger of
WULA and information about the OIC's hearing process, a true and correct copy of which is
attached hereto as Exhibit "A". Such notice included information regarding the hearing, via
the Notice of Hearing and announcement posted on the website. We understand that notice

1 will remain posted on the website from the date of this Declaration to the date of the hearing.
2 On February 19, 2014, AM Best reported information about this hearing and the two
3 companies proposed actions, a true and correct copy of which is attached hereto as Exhibit
4 "B".

5 19. The Notice of Hearing informs and advises all interested parties that any
6 individual or entity is permitted to submit comments on, or objections to, this proposed
7 merger. The Notice of Hearing states that any questions or concerns should be directed to
8 Kelly A. Cairns, Paralegal to the OIC Chief Presiding Officer.

9 20. As of the date of this Declaration, I personally have not received any
10 comments, questions, or objections through letter, correspondence, email, or phone, nor am I
11 aware of any comments, questions, or objections having been received by the OIC Chief
12 Presiding Officer.

13 SIGNED this 20th day of February 2014.

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15 _____
16 Ronald J. Pastuch
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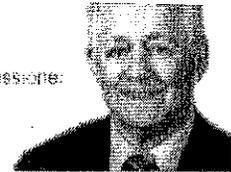
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Tuesday, February 18, 2014

Hearing Feb. 25 on consolidation of Western United Life Assurance company

Insurance Commissioner will hear proposed consolidation of Western United Life Assurance

Insurance Commissioner Mike Kreidler is holding a hearing at noon on Feb. 25 to consider a consolidation request from Western United Life Assurance Company in Spokane.

This request involves two entities--Investors Consolidated Insurance Co., a New Hampshire-based company, and Western United Life Assurance Co., both subsidiaries of Central United Life Insurance Company and Harris Insurance Holdings, Inc. in Houston.

Investors Consolidated wants to change its domicile—base of operations—to Spokane from New Hampshire. Immediately thereafter, Investors Consolidated and Western United Life, which is already based in Spokane, want to merge and retain the corporate name of Western United Life Assurance Co.

Anyone who is interested in weighing in on the relocation and merger may submit comments and may also attend the hearing in person or by telephone.

Hearing location:

Office of the Insurance Commissioner
5000 Capitol Blvd. Tumwater, WA 98501

To participate by phone, call (877) 668-4493, followed by access code 231 993 38.

Submit comments to: kellyc@oic.wa.gov

For more information:

View the Notice of Hearing, which includes advice on how to participate in the hearing process.

View all documents filed in this matter under Western United Life #14-0004.

Posted by Stephanie M at 1:01 PM

+1 Recommend this on Google

About this blog

This is the official blog of the Washington state insurance commissioner's office.

Got a question? Contact us at WAinsuranceblog@oic.wa.gov. (You can also find us on [Twitter](#) and [Facebook](#).)

If you have an insurance complaint or question -- and live in Washington state -- call our hotline at 1-800-562-6900.

If you need help but live elsewhere, please contact your state's insurance department. [Here's a map](#) with contact info.

Lastly, the legal stuff: Mentioning a company or product on this blog ≠ endorsement. But you knew that.

Blog Archive

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February 2014

Hearing set to consider redomestication and merger plan involving Western United Life Assurance Company (Word, 17KB) - 02/10/14

Hearing of motions: 13-0293 Seattle Children's Hospital: SCH's Motion for Partial Summary Judgment; OIC's Motion to Dismiss; Intervenors' Motion for Summary Judgment - 02/03/14

January 2014

Judicial hearing: 13-0084 Edmund C. Scarborough and Walter W. Wolf hearing for imposition of fines (PDF, 115KB) - continued to date TBD

Judicial hearing: 13-0278 Joseph Mehlhoff hearing to challenge order revoking license (PDF, 114KB) - 01/16/14

Updated 02/12/2014

See also

Disciplinary or general orders

Administrative hearings

Notice

Mike Kreidler
Washington state Insurance Commissioner

Contact Gayle Pasero: 360 725-7210 or Ron Pastuch: 360-725-7211

02/10/2014

Hearing set to consider redomestication and merger plan involving Western United Life

OLYMPIA, Wash. – The Insurance Commissioner has scheduled a hearing on February 25, 2014, at 12:00 p.m. Pacific Standard Time in his Olympia, Washington office to consider whether he should approve or deny the corporate action involving Western United Life Assurance Company based in Spokane, WA.

Investors Consolidated Insurance Company, a New Hampshire based company, and Western United Life Assurance Company are subsidiaries of Central United Life Insurance Company and Harris Insurance Holdings, Inc. based in Houston, TX. Investors Consolidated proposes to move its domicile from New Hampshire to Washington. Immediately thereafter, Investors Consolidated and Western United Life propose to merge with Investors Consolidated being the surviving entity. Investors Consolidated, the surviving entity, then proposes to change its corporate name to Western United Life Assurance Company.

If approved, the merged companies will remain Washington based in Spokane.

The public is notified that all interested parties may submit letters of support or concerns or objections and/or may participate in the hearing by appearing in person or by telephone at no charge.

To view the Notice of Hearing, which includes advice on how to participate in the hearing process, and to view all documents filed in this matter including the redomestication application and merger agreement between the parties, and all other documents such as organizational charts and finances, regulatory actions and any litigation filed in this proceeding, go to Western United Life #14-0004 at

<http://www.insurance.wa.gov/laws-rules/administrative-hearings/judicial-proceedings/w-z/>

<p>Western United Life Assurance Company</p> <p>Proposed acquisition by Central United Life Insurance Company</p> <p>13-0033</p>	<p>Form A application for proposed acquisition</p>	<p>Acquisition approved</p> <p>March 21, 2013</p>	<p><u>Final order approving proposed acquisition (244KB)</u></p> <p><u>Arkansas approval of records and book keeping in Texas (99KB)</u></p> <p><u>Western United Life's prefiled testimony; closing statement (131KB)</u></p> <p><u>Central United Life's prefiled testimony; opening and closing statements (323KB)</u></p> <p><u>Declaration of Ronald J. Pastuch (320KB)</u></p> <p><u>Notice of Hearing (267KB)</u></p> <p><u>Notice of Receipt of Form A Application (73KB)</u></p> <p><u>OIC Transmittal of Application (115KB)</u></p> <p><u>Supplemental information (133KB)</u></p> <p><u>Form A Application w/out exhibits (204KB)</u></p> <p><u>Form A supporting documents for application and supplemental information</u></p>
<p>Western United Life Assurance Company</p> <p>Investors Consolidated Insurance Company</p> <p>14-0004</p>	<p>Applications for Redomestication of ICIC and Merger of WULA and ICIC</p>	<p>Pending</p>	<p><u>Notice of Hearing (104KB)</u></p> <p><u>Summary of Proposed Transactions (59KB)</u></p> <p><u>Notice of Receipt of Applications (87KB)</u></p> <p><u>Transmittal of redomestication application (98KB)</u></p> <p><u>Transmittal of merger application (156KB)</u></p>

			<p><u>Merger application (1MB)</u></p> <p><u>Redomestication application:</u> <u>Items 1-5 (Table of Contents;</u> <u>UCAA Primary application</u> <u>(2.3MB); Items 6-7 (Plan of</u> <u>operation and Form B) (5.4MB);</u> <u>Items 8-11 (1.6MB); Item 12</u> <u>(Articles and Bylaws) (2.3MB);</u> <u>Item 12 (2012 Financial</u> <u>statements) (4.5MB); Item 12</u> <u>(2013 Financial statements)</u> <u>(2.5MB); Item 13 (Biographical</u> <u>affidavits part 1) (3.5 MB); Item</u> <u>13 (Biographical affidavits part 2)</u> <u>(4MB); Items 14-20 (financial</u> <u>statements and reports) (4.1MB)</u></p>
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"EXHIBIT B"

Best's News Service - February 19, 2014 02:55 PM

Washington State to Decide if Investors Consolidated Can Relocate, Merge With Western United Life

For information about each company, including the A.M.B. Credit Reports, group members (where applicable) and news stories, click on the company name. An additional purchase may be required.

OLYMPIA, Wash. - Washington state insurance regulators are holding a Feb. 25 public hearing dealing with a proposal to consolidate Western United Life Assurance Co. and the Investors Consolidated Insurance Co. Insurance Commissioner Mike Kreidler will consider the request.



Washington's state Office of the Insurance Commissioner said Investors Consolidated, a foreign life and disability insurer, is changing its domicile from New Hampshire to Spokane, Wash. Investors Consolidated and Western United Life, a life and disability insurer, now seek a merger under the Western United Life Assurance Co. name.

The move toward the merger began with the acquisition of Western United by Consolidated Insurance's parent company, Central United

Life Insurance Co., which was approved in Central's domicile of Arkansas in March 2013, according to a transaction summary filed with the insurance commissioner's office. Central United then contributed its Investors Consolidated stock to Western United in April, making Investors Consolidated a wholly owned Western United subsidiary. The ultimate goal is to consolidate the two companies, the summary said.

Investors must become must be a Washington insurer for the merger to be completed, so the OIC must also approve Investors' re-domestication to the state.

Once merged, the companies are expected to execute the current Western United business plan "to distribute fixed annuities through carefully selected and supervised independent agents," the public hearing notice said. The transaction is expected to have no impact on Western United Life Assurance agents or policyholders apart from the name change, the transaction summary said.

Investors Consolidated is licensed in 39 states, but only has business in force in a few of those, with no agents producing business, the transaction summary said. Investors has some small blocks of life and health insurance that brought in about \$520,000 in premium through Sept. 30, 2013. Those product lines will be discontinued following the merger, allowing the new Western United to concentrate on marketing fixed annuities.

Western United Life Assurance Co., and the Houston-based Investors Consolidated Insurance Co. and Central United Life Insurance Co. all have Best's Financial Strength ratings of B+ (Good), according to the A.M. Best Co.

(By Thomas Harman, associate editor, BestWeek: Tom.Harman@ambest.com)

BN-NJ-2-19-2014 1455 ET #

Related News: [Washington, Insurers, Mergers And Acquisitions](#)

AMB#	Company Name
006222	Central United Life Insurance Company
008588	Investors Consolidated Insurance Company
008077	Western United Life Assurance Company