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STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

In the Matter of the Redomestication of:
Commonwealth Insurance Company of
America,
Authorized Domestic Insurer.

Docket No. 14-0214
PREFILED TESTIMONY OF JOHN J.
BATOR

1. Please state your name for the record.

John J. Bator.

2. Can you state for the record your purpose for telephonic appearance today?

I am the official representative of Commonwealth Insurance Company of America ("Commonwealth") and will testify regarding the company's application to redomesticate from Washington to Delaware.

3. What is your professional title or position?

Director, Chief Financial Officer and Senior Vice President of Commonwealth

4. Please describe your educational background.

I received a Bachelor of Science degree from the University of Hartford in Hartford, Connecticut in 1986. I attended the Wharton Business School in Philadelphia, Pennsylvania, in 2005 and obtained certification in its Advanced Management Program.

5. How long have you been employed by your current employer?

I have been employed by RiverStone Resources LLC ("Riverstone") since 1999. RiverStone provides reinsurance recovery, financial, actuarial and other management services to Commonwealth.

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1 **6. Please describe your previous employment positions.**

2 Before 1999, I was with another insurer affiliate, International Insurance Company, as
3 Controller, and, before that, I was with Price Waterhouse as a Senior Audit Manager.
4 My employment history is in Exhibit 13A of Commonwealth's Application for
5 Redomestication.

6 **7. Have you been authorized by the Applicant to speak on its behalf at this hearing?**

7 Yes.

8 **8. What is the basis for your information and knowledge about the Application to
9 Redomesticate the referenced company?**

10 In my position as Director, Chief Financial Officer and Senior Vice President, I have
11 been involved in all significant decisions regarding the proposed redomestication,
12 including evaluating the financial and legal benefits of the transactions and securing
13 regulatory approvals. I have also consulted with our legal and business personnel on
14 various issues related to the proposed redomestication and generally have personal
15 knowledge of Applicant's internal business considerations and planning in connection
16 with the proposed redomestication.

17 **9. As part of this involvement, are you familiar with the Application and the
18 supplemental information and materials provided to the Washington State Office
19 of the Insurance Commissioner relating to the Application, as already admitted
20 into evidence as exhibits to this hearing?**

21 I am.

22 **10. Do you believe that the Application and the supplemental information and
23 materials provided to the Department are complete, true and current in all
24 material respects?**

25 Yes.

26 **11. Has the Applicant submitted a redomestication application to the proposed new
state of domicile?**

Yes. The Delaware Insurance Division has indicated that it will approve the
Application after the Washington State Office of the Insurance Commissioner
completes its review of the Application in order to coordinate the effective date of the
redomestication between the two states. What is the purpose of the Proposed
Redomestication?

Commonwealth is in runoff -- meaning it is not writing any new business and there is
no intention of doing so. Commonwealth is part of an insurer holding company
system. To streamline operations and lessen complexity and administrative burden for

1 the holding company system and the regulators, we are undertaking to reduce the
2 number of jurisdictions in which TIG Insurance Company and its subsidiary insurers
are domiciled.

3 **12. The Washington State Insurance Code sets forth two criteria for the**
4 **Commissioner to consider in approving the Proposed Redomestication.**

5 **First, with respect to the Washington-domiciled insurer that is the subject of the**
6 **application that has been submitted to the Washington State Office of the**
7 **Insurance Commissioner, will the effect of the redomestication be such that it is**
8 **not in the interest of the public to permit the redomestication, as contemplated by**
9 **RCW 48.07.210(2)?**

10 This requested change in the Applicant's state of domicile will not
11 significantly affect Applicant's business operations in the State of Washington.
12 Because Commonwealth is in runoff, it has no significant Washington
13 presence. There are currently less than ten open claims, and they are being
14 handled in accordance with a Claim Administrative Services Agreement with
15 RiverStone Claims Management LLC. I can think of no other issues relating
to the effect of redomestication insofar as the public is concerned.

16 I would also note that if the Application for redomestication is approved, taxes
17 and fees paid to the State of Washington by the company as a foreign insurer,
18 if any, should be no significant difference from the taxes and fees paid to the
19 State of Washington as a domestic insurer. There will be no detrimental
20 impact on the State of Washington.

21 **Second, with respect to the Washington-domiciled insurer that is the subject of**
22 **the application that has been submitted to the Washington State Office of the**
23 **Insurance Commissioner, will the effect of the redomestication be such that it is**
24 **not in the interest of the insurer's policyholders in this state to permit the**
25 **redomestication, as contemplated by RCW 48.07.210(2)?**

26 The company has no unexpired policies and less than ten remaining claims,
which, as stated, will not be affected by redomestication, so there will be no
adverse impact on policyholders. The proposed redomestication, if approved,
will not have any substantive impact on the contractual or statutory rights of
the Applicant's Washington policyholders. Nor will the redomestication have
a material impact on any pending litigation. As a consequence, the
redomestication of the Applicant should be virtually seamless to the
Applicant's few policyholders with open claims.

1 13. **Has the applicant or any of its affiliates, employees, officers or directors, or other**
2 **affiliates received any comments, complaints or concerns concerning the**
3 **proposed redomestication?**

4 To my knowledge, the proposed redomestication has not been the subject of media
5 reports, and we have received no requests for comments from journalists or other
6 interested parties. We have not received any comments, complaints or concerns from
7 any policyholders, and no residents of the state of Washington have contacted us with
8 any comments, complaints or concerns.

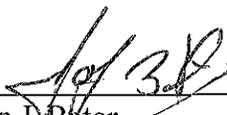
9 14. **Is there anything else you would like to add?**

10 I would like to express my appreciation to the staff of the Washington State Office of
11 the Insurance Commissioner for the careful and prompt review that has been applied
12 to this application. I'd also like to express appreciation to Judge Finkle for his review
13 and prompt attention to this matter. The Applicant believes that the application that
14 has been submitted and the testimony and exhibits offered at the hearing today
15 demonstrate that there is no basis for the Office of the Insurance Commissioner to
16 determine that the proposed transfer of domicile is not in the best interests of the
17 public or the insurer's policyholders in this State. Further, if the proposed transfer of
18 domicile is approved, the Applicant will continue to effectively administer
19 policyholder claims and any related policyholder services. The proposed transfer of
20 domicile will not impact pending litigation involving policyholders or adversely affect
21 their contractual rights nor will it result in the wholesale removal of assets from the
22 State of Washington. Accordingly, the Applicant requests the approval of the
23 application as soon as possible in order to facilitate a year-end redomestication.

24 **VERIFICATION**

25 I, John J. Bator, declare under penalty of perjury of the laws of the State of
26 Washington that the foregoing answers are true and correct.

DATED this 8th day of December, 2014, at Manchester, New Hampshire.



John J. Bator
Director, Chief Financial Officer,
Senior Vice President
Commonwealth Insurance Company of America