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STATE OF WASHINGTON  
OFFICE OF THE INSURANCE COMMISSIONER

2014 DEC 22 A 9:34

In the Matter of the Redomestication of  
COMMONWEALTH INSURANCE  
COMPANY OF AMERICA,  
Authorized Domestic Insurer.

NO. 14-0214  
FINAL ORDER APPROVING  
APPLICATION FOR  
REDOMESTICATION FROM THE STATE  
OF WASHINGTON TO THE STATE OF  
DELAWARE

TO: John J. Bator  
Chief Financial Officer  
Commonwealth Insurance Company of America  
250 Commercial Street, Suite 5000  
Manchester, NH 03101, and

Timothy J. Parker  
Carney Badley Spellman, P.S.  
701 Fifth Avenue, Suite 3600  
Seattle, WA 98101

COPY TO: Mike Kreidler, Insurance Commissioner  
James T. Odiorne, Chief Deputy Insurance Commissioner  
AnnaLisa Gellermann, Deputy Commissioner, Legal Affairs Division  
Drew Stillman, Insurance Enforcement Specialist, Legal Affairs Division  
Bill Michels, Deputy Commissioner, Company Supervision  
Gayle Pasero, Company Licensing Manager, Company Supervision  
Office of the Insurance Commissioner  
P.O. Box 40255  
Olympia, WA 98504-0255

On December 16, 2014, at 10:30 AM, this matter came on for hearing before the undersigned hearing officer, appointed by the Insurance Commissioner of the state of Washington. The Office of the Insurance Commissioner ("OIC") was represented by Drew Stillman, Attorney at Law, Insurance Enforcement Specialist, OIC Legal Affairs Division.

1 The Applicant, Commonwealth Insurance Company of America (“Commonwealth”) [NAIC  
2 #10220-0158], was represented by Timothy J. Parker, of Carney Badley Spellman, P.S.,  
3 Seattle, Washington.

4 I have considered the written and oral evidence presented at the hearing and the  
5 documents on file herein.

#### 6 FINDINGS OF FACT

7 1. Applications for redomestication are governed by Title 48 RCW, specifically RCW  
8 48.07.210(2), which provides: *The commissioner shall approve any proposed transfer of*  
9 *domicile unless the commissioner determines after a hearing, pursuant to such notice as the*  
10 *commissioner may require, that the transfer is not in the best interests of the public or the*  
11 *insurer’s policyholders in this state.*

12 2. Commonwealth is an active Washington property and casualty insurance company,  
13 with total gross annual written premiums as of December 2013 of (\$90,696.00), with  
14 approximately \$16,674.00 written in Washington state. [Application and Organization Charts;  
15 Declaration and testimony of Gayle D. Pasero.]

16 3. On August 29, 2014, the OIC received an Application from Commonwealth, with  
17 detailed attachments concerning its history, personnel, and financial status, requesting approval  
18 to transfer its state of incorporation (corporate domicile) from Washington to Delaware,  
19 effective on or before December 31, 2014. Upon approval, Commonwealth would cease to be  
20 a Washington domestic insurer and would become a Delaware domestic insurer.

21 4. Commonwealth provided the Insurance Commissioner with at least thirty days  
22 advance written notice of its proposed plans to redomesticate, consistent with RCW  
23 48.07.210(2).

24 5. The Notice of Hearing on Application for Redomestication, filed on December 2,  
25 2014, includes detailed information concerning the Application and the administrative hearing  
26 and provides links to filed documents. On December 11, 2014, the bulk of the Application-

1 supporting documents were published on the OIC website and remained there continuously  
2 through the date of the hearing.

3 6. The Notice advised all interested individuals and entities of their right to submit  
4 support for, or objections to, the proposed redomestication by letter on or before 9:30 a.m. on  
5 December 16, 2014. The OIC, Commonwealth, and the Hearings Unit received no objections or  
6 complaints requesting denial of the Application.

7 7. All interested persons were given the right to be present at the hearing and had  
8 reasonable opportunity to inspect all documentary evidence, to examine witnesses and to  
9 present evidence. The hearing was duly and properly convened, and all substantive and  
10 procedural requirements under the laws of Washington have been satisfied.

11 8. Reasonable and adequate notice of the hearing concerning the proposed  
12 redomestication was provided.

13 9. Gayle D. Pasero, Company Licensing Manager in the Company Supervision Division  
14 of the Office of the Insurance Commissioner, appeared as the sole witness for the Insurance  
15 Commissioner. Ms. Pasero presented her testimony in a detailed and credible manner and  
16 exhibited no apparent biases.

17 10. John J. Bator, of the Applicant, appeared as the sole witness for the Applicant. Mr.  
18 Bator presented testimony in a detailed and credible manner and exhibited no apparent biases.

19 11. Redomestication would be consistent with Commonwealth's effort to reduce the  
20 complexity of its holding company system. [Pasero and Bator testimony.]

21 12. Redomestication would not be disruptive to policyholders because Commonwealth  
22 is not writing or renewing insurance business, has no current policyholders, is in "run-off," and  
23 has no more than ten open claims. [Pasero and Bator testimony.]

24 13. Redomestication would have no impact on the contractual or statutory rights of the  
25 Commonwealth's Washington policyholders, which would be unchanged. [Pasero and Bator  
26 testimony.]

1 14. Redomestication would have no impact on any pending litigation filed in  
2 Washington involving Commonwealth's Washington policyholders. [Bator Testimony.]

3 15. Commonwealth has filed a request with the Delaware Department of Insurance to  
4 redomesticate to Delaware. The Delaware Department of Insurance has indicated that it will  
5 approve such Application after the OIC completes its review, to coordinate the effective date of  
6 the redomestication between the two states. [Bator Testimony.]

7 16. The OIC has determined that Commonwealth would be qualified to be admitted to  
8 do business in Washington as a foreign insurer as of the effective date that it becomes a domestic  
9 insurer in the state of Delaware. [Pasero testimony.]

10 17. I do not find that the proposed transfer of domicile of Commonwealth from  
11 Washington to Delaware would not be in the best interests of the public or would not be in the  
12 best interests of Commonwealth's Washington policyholders.

13 18. Commonwealth's Application for Redomestication should be approved.

#### 14 **CONCLUSIONS OF LAW**

15 1. Pursuant to Title 48 RCW, specifically RCW 48.07.210, the Washington State  
16 Insurance Commissioner has jurisdiction over Commonwealth, and the undersigned, pursuant  
17 to appointment and delegation by the Honorable Mike Kreidler, has jurisdiction and authority  
18 to issue this Final Order on Commonwealth's Application for Redomestication.

19 2. Commonwealth has provided reasonable and lawful notice of its  
20 Redomestication plan to the OIC, as required by RCW 48.07.210(2).

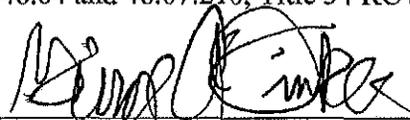
21 3. The statutory criteria have been met. No legal or factual basis exists for  
22 concluding that Commonwealth's proposed transfer of domicile from Washington to  
23 Delaware is not in the interests of the public or Commonwealth's Washington policyholders.  
24 Because no such determination has been made, the Insurance Commissioner must approve  
25 this Application for Redomestication. RCW 48.07.210(2).  
26

1 **ORDER**

2 1. The Application for Redomestication of Commonwealth Insurance Company of  
3 America, seeking approval of the Washington State Insurance Commissioner to transfer its  
4 state of incorporation from the state of Washington to the state of Delaware, thereby  
5 becoming a domestic insurer in the state of Delaware and becoming a foreign insurer in the  
6 state of Washington, is GRANTED, effective as of the date of filing of this Order.

7 2. The effective date of the transfer of domicile from the state of Washington to the  
8 state of Delaware shall be the date that the state of Delaware determines that Commonwealth  
9 Insurance Company of America becomes a domestic Delaware insurer. Likewise, that same  
10 date shall be the effective date on which Commonwealth Insurance Company of America  
11 shall become admitted as a foreign insurer in the state of Washington (in order to allow no  
12 gap in the clear state of domicile as between the state of Washington and the state of  
13 Delaware).

14  
15 Dated this 22<sup>nd</sup> day of December, 2014, pursuant to Title 48 RCW and specifically RCW  
16 48.04 and 48.07.210, Title 34 RCW, and the regulations applicable thereto.

17 

J

18 Judge George Finkle (Ret.)  
19 OIC Hearing Officer

20  
21 Pursuant to RCW 34.05.461(3), the parties are advised that they may seek reconsideration of  
22 this order by filing a request for reconsideration under RCW 34.05.470 with the undersigned  
23 within 10 days of the date of service (date of mailing) of this order. Further, the parties are  
24 advised that, pursuant to RCW 34.05.514 and 34.05.542, this order may be appealed to  
25 Superior Court by, within 30 days after date of service (date of mailing) of this order, 1) filing  
26 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.

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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: John J. Bator., Timothy J. Parker, Mike Kreidler, James T. Odiorne, William R. Michels, Gayle D. Pasero, AnnaLisa Gellermann, and Drew Stillman.

DATED this 22<sup>nd</sup> day of December, 2014.

  
KELLY A. CAIRNS