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OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of

No. 14-0228

THE APPLICATION FOR  
REDOMESTICATION OF  
Contractors Bonding and Insurance Company

DECLARATION OF GAYLE D. PASERO

I, Gayle D. Pasero, under penalty of perjury under the laws of the State of Washington, declare as follows:

1. I am the Company Licensing Manager in the Company Supervision Division for the Washington State Insurance Commissioner and make this declaration in my official capacity.

2. My duties as Company Licensing Manager include the review of applications from insurance companies for admission, redomestication, and merger. I received a Bachelor of Arts degree from Washington State University and also earned my Chartered Property Casualty Underwriter (CPCU) designation. I have worked in the insurance industry for over 30 years.

3. If the proposed redomestication is approved, the result will be that Contractors Bonding and Insurance Company will change its state of domicile from Washington to Illinois.

4. In the course of my duties, pursuant to RCW 48.07.210(2), I have reviewed the Application for Redomestication of Contractors Bonding and Insurance Company ("CBIC").

5. The Notice of Hearing on the Application for Redomestication entered on December 4, 2014, which contains information concerning the proposed redomestication and the public hearing to be held concerning it, was published in its entirety on the Insurance Commissioner's web site since, at least, December 4, 2014, has remained there continuously, and will remain

through the date of hearing, December 16, 2014. Attached as Exhibit 1 is a copy of the Notice of Hearing as published on the Insurance Commissioner's web site. In addition, since December 4, 2014, the notice of hearing has been published and available to the public through the Insurance Commissioner's official twitter feed and blog. In the Notice of Hearing as published, all interested individuals and entities were advised of their right to submit either support for, or objections to, the proposed reestimation by letter on or before December 16, 2014 by 9:30 a.m. To my knowledge no such communications have been received by the Commissioner as of the date of the hearing.

6. As of December 2013, total gross annual written premium for CBIC was \$55,423,228 with \$17,064,455 written in Washington State. There are no known pending lawsuits against CBIC and following redomestication the company will remain subject to process in Washington as an authorized foreign insurer if it chooses to do so.

7. If the application is approved and CBIC changes its state of domicile to Illinois, the company will be qualified to be admitted to transact business in Washington as a foreign insurer.

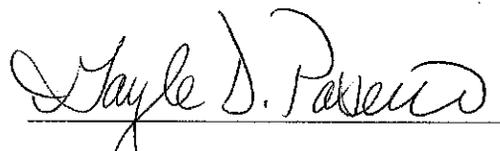
8. In my opinion, the Application for Redomestication of CBIC meets the requirements of RCW 48.07.210(2) in that, if approved, the redomestication will be fair, equitable, and consistent with law and that no reasonable objection exists. I am aware of no evidence or reason to believe that the transfer of domicile would prejudice policyholders or not be in the best interests of the public. Items considered in the analysis of this company included review of its financial condition, business plan, qualifications of the directors and officers and general contractual agreements. In my opinion, redomestication of CBIC from the state of Washington to the state of Illinois is in the best interests of the public and the Washington policyholders. The transition to a new state of incorporation should be seamless to the public and

policyholders as the operations and staff will continue to remain in Washington. All rights and privileges under the policyholder insurance contracts will continue to be protected. I don't see any potential disadvantages to the public or policyholders. There are no adverse retaliatory tax consequences for the state of Washington as the two percent premium tax is required to be paid to the state treasurer through the Commissioner's office for all authorized insurers in Washington. As CBIC will be admitted in Washington as a foreign insurer, the two percent premium tax is still payable per RCW 48.14.020 and RCW 48.14.040. In addition, Illinois is a NAIC accredited state similar to Washington State so the company will be regulated by the same standards as it is now. The primary advantage to the applicant is the efficiency of consolidating to a single domestic regulator. I am not aware of potential disadvantages to the applicant.

For these reasons, I recommend approval of the proposed transfer of domicile.

I declare under penalty and perjury under the laws of the state of Washington that the foregoing is true and correct.

Executed at Tumwater, Washington on this 9th day of December, 2014.

  
Gayle D. Pasero

# **Exhibit 1**



officers or directors, or other affiliates have received comments, complaints or concerns concerning this proposed redomestication, and the nature and source.

Testimony from the OIC is expected as to the above issues 1) -- 4) and as to whether the OIC or staff has received any comments, complaints or concerns concerning the proposed redomestication, and the nature and source of this input.

The parties may examine witnesses and fully respond and present evidence and argument on all issues.

A party failing to attend or participate in any stage of the proceeding may be held in default. RCW 34.05.434(2)(i).

If a limited English speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified interpreter will be appointed at no cost to the party or witness, except as may be provided by Chapter 2.42 RCW, WAC 10-08-040(2); Chapter 2.42 RCW, A Request for Interpreter form, with instructions, is attached to the original of this Notice.

All case related documents and correspondence shall be directed to the Hearings Unit, Office of the Insurance Commissioner, P.O. Box 40255, Olympia, Washington 98504-0255. All interested individuals and entities who have questions or concerns concerning this proceeding should direct them to the Hearings Unit paralegal, Kelly A. Cairns, at the same postal address, or to fax number (360) 664-2782 or email [KellyC@oic.wa.gov](mailto:KellyC@oic.wa.gov). Ms. Cairns' telephone number is (360) 725-7002.

**This is a public proceeding. Interested persons may attend the hearing without prior approval or may listen to the hearing by telephone by dialing (877) 668-4493, followed by access code 231 993 38. Interested persons may submit comments on, or objections to, this proposed redomestication to the undersigned, which will be included in the hearing record and will be considered prior to the final decision in this matter. Such comments and/or objections must be submitted by 9:30 a.m. Pacific Standard Time December 16, 2014, by fax, U.S. Mail, personal delivery, or email. The fax number is (360) 664-2782; U.S. Mail address is PO Box 40255, Olympia, WA 98504-0255; personal delivery address is 5000 Capitol Boulevard, Tumwater, Washington 98501; and email address is that of Hearings Unit Paralegal, Kelly A. Cairns, which is [KellyC@oic.wa.gov](mailto:KellyC@oic.wa.gov).**

**NOW, THEREFORE, IT IS HEREBY ORDERED:** The adjudicative proceeding in this matter will begin on **December 16, 2014 at 11:30 a.m.**, Pacific Standard Time, in the Office of the Insurance Commissioner, 5000 Capitol Boulevard, Tumwater, Washington 98501.

Dated this 4th day of December 2014,



JUDGE GEORGE FINKLE (RET.)

Presiding Officer

**HEARINGS UNIT  
OFFICE OF THE INSURANCE COMMISSIONER**

Telephone: (360) 725-7002

Fax: (360) 664-2782

To request an interpreter, complete and mail this form to:

Hearings Unit  
Office of Insurance Commissioner  
P.O. Box 40255  
Olympia, WA 98504-0255

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**REQUEST FOR INTERPRETER**

I am a party or witness in Matter No. 14-0228, before the Insurance Commissioner. I NEED AN INTERPRETER and request that one be furnished.

Please check the statements that apply to you:

I am a non-English-speaking person. I cannot readily speak or understand the English language. My primary language is \_\_\_\_\_ (insert your primary language). I need an interpreter who can translate to and from the primary language and English.

I am unable to readily understand or communicate the spoken English language because:

- I am deaf.
- I have an impairment of hearing.
- I have an impairment of speech.

[Please state below or on the reverse side any details which would assist the Commissioner or Presiding Officer in arranging for a suitable interpreter or in providing appropriate mechanical or electronic amplification, viewing, or communication equipment.]

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Please print or type your name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_