

STATE OF WASHINGTON

Phone: (360) 725-7000
www.insurance.wa.gov

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2007 MAY 15 A 8:57

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 of a true copy of this document to parties listed below.
DATED this 15th day of May 2007 at Tumwater, Washington.



OFFICE OF
INSURANCE COMMISSIONER

HEARINGS UNIT

Fax: (360) 664-2782

Signed: Wendy Galloway

Patricia D. Petersen
Chief Hearing Officer
(360) 725-7105

Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer
Wendy Galloway
Paralegal
(360) 725-7002
Wendyg@oic.wa.gov

BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the Proposed Acquisition of:)

UNIGARD, INC., An Insurance Holding)
Company, UNIGARD INSURANCE)
COMPANY, UNIGARD INDEMNITY)
COMPANY, and UNIGARD PACIFIC)
INSURANCE, Washington Insurers,)

by)
QBE HOLDINGS, INC., and)
QBE INSURANCE GROUP LIMITED,)
Applicants.)

G07-0156

NOTICE OF HEARING ON REQUEST
FOR APPROVAL TO ACQUIRE
WASHINGTON INSURERS

TO: Peter T. Maloney, Senior VP, Corporate Counsel & Secretary
QBE Holdings, Inc.
Wall Street Plaza
88 Pine Street, 16th Floor
New York, NY 10005

Charles R. Welsh, Esq.
Edwards Angell Palmer & Dodge LLP
90 State House Square
Hartford, Connecticut 06103

Alan J. Levin, Esq.
Edwards Angell Palmer & Dodge LLP
90 State House Square
Hartford, Connecticut 06103



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Peter Christen, President and CEO
Unigard Insurance Group
15805 NE 24th Street
Bellevue, WA, 98008

Anne B. Smith, Esq.
Senior Vice President & General Counsel
Unigard Insurance Company & Winterthur U.S. Holdings Inc.
1 General Drive
Sun Prairie, WI 53590

COPY TO: Mike Kreidler, Insurance Commissioner
Michael G. Watson, Chief Deputy Insurance Commissioner
James T. Odiorne, Deputy Commissioner, Company Supervision Div.
Carol Sureau, Deputy Commissioner, Legal Affairs Division
Andrea Philhower, Staff Attorney, Legal Affairs Division
Ronald Pastuch, Holding Company Manager, Company Supervision
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

Winterthur Schweizerische Versicherungs-Gesellschaft, aka Winterthur Swiss Insurance Company ("Winterthur Swiss"), is a Swiss stock corporation that is not licensed in the United States. Winterthur Swiss owns all of the issued and outstanding shares of capital stock of Winterthur U.S. Holdings, Inc. ("Winterthur U.S. Holdings"), a Delaware corporation. Winterthur U.S. Holdings acts as the holding company for Winterthur Swiss' U.S. operations. Winterthur U.S. Holdings wholly owns Unigard Inc.

Unigard Inc. is a Washington insurance holding company. Unigard Inc. wholly owns Unigard Insurance Company, a Washington domestic insurance company (Washington Certificate of Authority No. 740, NAIC Co. Code 25747). Unigard Insurance Company wholly owns Unigard Pacific Insurance Company and Unigard Indemnity Company, both Washington domestic insurance companies (Certificate of Authority Nos. 211 and 1832, respectively; NAIC Co. Codes 11096 and 25798, respectively). The Unigard companies are authorized property and casualty insurance companies and currently have their headquarters in Bellevue, Washington.

It should be noted that on December 4, 2006, the undersigned approved the acquisition of Winterthur U.S. Holdings by AXA, a French corporation, from Credit Suisse, Docket No. G 2006-64, as part of a larger transaction which involved the acquisition of Winterthur Swiss by AXA from Credit Suisse. Although not disclosed in that proceeding, the parties herein now state that at that time AXA intended to effect the divestiture of Winterthur U.S. Holdings by Winterthur Swiss as soon as possible after acquiring Winterthur Swiss because the property and casualty insurance oriented business of Winterthur U.S. Holdings and its subsidiaries did not fit into AXA's U.S. strategy, which is focused on life insurance. For that reason, even though the undersigned approved AXA's purchase

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of these Unigard companies as recently as December 4, 2006 and the acquisition was consummated on December 22, 2006, another prospective purchaser, QBE, has now applied for approval to acquire Winterthur U.S. Holdings and these same Unigard companies just five months after their previous December 2006 acquisition by AXA.

The Applicants herein are 1) QBE Insurance Group Limited, a Australian publicly traded holdings company listed on the Australian Securities Exchange; and 2) QBE Holdings, Inc. ("QBE Holdings"), a Delaware insurance holding company (by March 14, 2007 Assignment and Assumption Agreement from QBE Reinsurance Corporation, a Pennsylvania domestic insurance company and wholly owned subsidiary of QBE Holdings to QBE Holdings). QBE Insurance Group Limited is the ultimate parent company of QBE Holdings.

Pursuant to RCW 48.31B.015(1) and (2), on January 24, 2007, the Applicants, by and through their Delaware counsel Charles R. Welsh, Esq. and Alan J. Levin, Esq., both of Edwards Angell Palmer & Dodge LLP in Hartford, Connecticut, filed a Form A Statement Regarding the Proposed Acquisition of Control of or Merger with a Domestic Insurer ("Form A") with the Washington State Insurance Commissioner, and on March 15, 2007, filed Amendment No. 1 for Form A. Said Form A, which is part of the hearing file and shall be used as evidence herein, includes 1) substantial information and agreements concerning this proposed acquisition as required by RCW 48.31B.015(2) and in accordance with RCW 48.31B.020(3)(a); and 2) information and agreements relative to the issues which must be the subject of findings pursuant to RCW 48.31B.015(4). In summary, on January 4, 2007, Winterthur Swiss, QBE Reinsurance Corporation and QBE Insurance Group Limited entered into a Stock Purchase Agreement pursuant to which Winterthur Swiss (by this time a subsidiary of AXA) agreed to sell all of the issued and outstanding shares of capital stock of its wholly owned subsidiary, Winterthur U.S. Holdings, to the Applicants for an aggregate purchase price of \$1,156,000,000. Specifically, QBE Holdings, Inc. will directly acquire all of the issued and outstanding voting securities of Winterthur U.S. Holdings, which consists of 200 shares of common stock, par value \$1.00 per share, from Winterthur Swiss. Winterthur U.S. Holdings is currently the owner of all of the issued and outstanding voting securities of Unigard Inc., which consist of 5,000 shares of common stock, no par value. Unigard Inc. is the owner of all of the issued and outstanding voting securities of Unigard Insurance Company, which consists of 30,000 shares of common stock, par value \$100 per share. Unigard Insurance Company is the owner of all of the issued and outstanding voting securities of Unigard Pacific Insurance Company, which consists of 30,000 shares of common stock, par value \$100 per share, and Unigard Insurance Company is also the owner of all of the issued and outstanding voting securities of Unigard Indemnity Company, which consists of 30,000 shares of common stock, par value \$100 per share. The aggregate purchase price is \$1,156,000,000 and also includes other specified Wisconsin, Illinois and Indiana insurance companies, together with QBE Holdings, Inc. causing Winterthur U.S. Holdings to repay approximately \$557,000,000 in intercompany loans with the repayment of such intercompany loans to be financed by a capital contribution from QBE Holdings, Inc.

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Copies of the relevant current and proposed organizational structures of Winterthur Swiss Insurance Company including Winterthur U.S. Holdings and the Unigard companies, and of QBE Insurance Group Limited including Winterthur U.S. Holdings and the Unigard companies, are included in the hearing file and are by this reference incorporated herein.

Pursuant to RCW 48.31B.015(4), the Insurance Commissioner shall approve an acquisition of a domestic insurer unless, after a hearing thereon, it is found: 1) that after the change of control, the domestic insurer 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) that the effect of the acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein; 3) that the financial condition of an acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interests of its policyholders; 4) that 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 policyholders of the insurer and not in the public interest; 5) that 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 acquisition or control; or 6) that the acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

Toward this end, the parties are advised that the Insurance Commissioner is expected to testify as to whether he has given reasonable advance notice to the public of the hearing scheduled herein and whether he has received any objections or other input relative to this proposed transaction. The Insurance Commissioner is also expected to testify as to the conclusions he has reached during his examination of the subject Form A insofar as they relate to the above stated issues 1) through 6). A duly authorized representative of QBE Holdings is expected to testify as to the above stated issues and as to whether QBE Insurance Group Limited or any of its subsidiaries or representatives has received any objections to the proposed transaction.

Finally, a duly authorized representative of the Unigard companies is expected to testify as to the above stated issues and as to whether Winterthur U.S. Holdings or the Unigard companies have received any objections to the proposed transaction. While live testimony from the parties will be taken during the hearing as to the above identified issues, written declarations from those parties are also required. Further, oral opening statements and closing arguments from the Applicants are expected and a written closing argument is required.

YOU ARE HEREBY NOTIFIED that a hearing will be held commencing at 10 a.m., Pacific Standard Time, on Tuesday, May 29, 2007, in the Office of the Insurance Commissioner, 5000 Capitol Boulevard, Tumwater, Washington 98501, to consider the proposed acquisition of Unigard Insurance Company, Unigard Indemnity Company and Unigard Pacific Insurance Company by QBE Holdings, Inc. and QBE Insurance Group Limited.

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The hearing will be held under the authority granted the Insurance Commissioner by Chapter 48.04 RCW and specifically RCW 48.31B.015 and shall have as its purpose consideration of the Applicants' request for approval of its proposed acquisition of control of Unigard Insurance Company, Unigard Pacific Insurance Company and Unigard Indemnity Company.

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 after hearing.

YOU ARE FURTHER NOTIFIED that all interested individuals and entities may submit comments on, or objections to, this proposed acquisition 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, must be submitted by 9:00 a.m., Pacific Standard Time, on May 29, 2007, by fax, U.S. Mail, personal delivery, or email. The fax number of the undersigned is (360) 664-2782, her mailing address is PO Box 40255, Olympia, WA 98504-0255, her delivery address is 5000 Capitol Boulevard, Tumwater, Washington 98501, and the e-mail address for her paralegal is Wendyg@oic.wa.gov. Further, pursuant to RCW 48.31B.015(4)(b), any person whose interest is determined by the undersigned to be affected may present evidence, examine and cross-examine witnesses, and offer oral and written arguments, and in connection therewith may conduct discovery proceedings as authorized by Title 34 RCW.

Finally, all parties may participate in the hearing. They may examine witnesses and fully respond and present evidence and argument on all issues involved, as required by the Administrative Procedure Act. 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 will be represented by Andrea Philhower, Esq., Staff Attorney with the Legal Affairs Division, Office of the Insurance Commissioner, 5000 Capital Blvd., Tumwater, WA 98501. She can be reached at (360) 725-7063. QBE will be represented by Charles R. Welsh, Esq., and Alan J. Levin, Esq. of Edwards Angell Palmer & Dodge LLP. They can be reached at (860) 525-5065. Winterthur U.S. Holdings, Inc. and the Unigard companies will be represented by Anne B. Smith, Esq., Senior Vice President & General Counsel of Winterthur U.S. Holdings, Inc., 1 General Drive, Sun Prairie, WI 53596. She can be reached at (608) 825-5588.

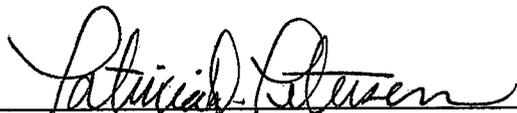
Based upon a delegation of authority from the Insurance Commissioner, the undersigned will conduct the hearing and will make the final decision and enter the final order relative to this matter without input from the Insurance Commissioner or his staff or any other individual who has knowledge of the issues herein, except as will be presented as evidence in the hearing. Her address is Office of the Insurance Commissioner, P.O. Box 40255, Olympia, WA 98504-0255 and her telephone number is (360) 725-7105. All questions or concerns should be directed to Wendy Galloway, paralegal to the undersigned, who may be reached at the telephone, e-mail and fax number specified above.

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On May 9, 2007, the undersigned held a first prehearing conference in this matter. The Insurance Commissioner was represented by Andrea Philhower, Esq.; QBE was represented by Charles R. Welsh, Esquire; and Winterthur U.S. Holdings, Inc. and the Unigard companies were represented by Anne B. Smith, Esq. 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 have any further questions or concerns prior to the hearing date, they are advised to telephone or e-mail Wendy Galloway, 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 Hearing Officer of your need for an interpreter.

ENTERED at Olympia, Washington, this 15th day of May, 2007, pursuant to Title 48 RCW and specifically RCW 48.31B.015, Title 34 RCW, and regulations applicable thereto.



PATRICIA D. PETERSEN

Presiding Officer
Chief Hearing Officer



OFFICE OF
INSURANCE COMMISSIONER

HEARINGS UNIT
Fax: (360) 664-2782

Patricia D. Petersen
Chief Hearing Officer
(360) 725-7105

Wendy Galloway
Paralegal
(360) 725-7002
wendyg@oic.wa.gov

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

Chief Hearing Officer
Office of Insurance Commissioner
P.O. Box 40255
Olympia, Washington 98504-0255

REQUEST FOR INTERPRETER

I am a party or witness in Matter No. _____, 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: _____

