

STATE OF WASHINGTON

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

MIKE KREIDLER
STATE INSURANCE COMMISSIONER



FILED

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 29th day of Nov. 2007, at Tumwater, Washington.

2007 NOV 29 P 12:09

OFFICE OF
INSURANCE COMMISSIONER

HEARINGS UNIT
Fax: (360) 664-2782

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

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

Signed Wendy Galloway

BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the Proposed Merger of:)
)
UNIGARD PACIFIC INSURANCE)
COMPANY, A Washington Domestic)
Insurance Company, with and into,)
UNIGARD INSURANCE COMPANY, A)
Washington Domestic Insurance Company,)
)
Applicants.)

G07-0339
NOTICE OF HEARING ON REQUEST
FOR APPROVAL OF MERGER

TO: Jennifer J. Vernon
Vice President & General Counsel
QBE Regional Companies, Inc.
One General Drive
Sun Prairie, WI 53596

Unigard Insurance Company
Peter G. McPartland, Director, Chief Operator Officer
15805 NE 24th Street
Bellevue, Washington 98008

Unigard Pacific Insurance Company
15805 NE 24th Street
Bellevue, Washington 98008

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
Charles D. Brown, Sr. Staff Attorney, Legal Affairs Division
Ronald Pastuch, Holding Company Manager, Company Supervision
Office of the Insurance Commissioner
PO Box 40255, Olympia, WA 98504-0255

Mailing Address: P. O. Box 40255 • Olympia, WA 98504-0255
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501



NOTICE OF HEARING ON REQUEST FOR APPROVAL OF MERGER
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QBE RE Services Pty Limited is an Australian insurance holding company which wholly owns QBE Australia Pty Limited, an Australian insurance holding company. QBE Australia Pty Limited owns QBE Investments (North America), Inc., a Delaware insurance holding company. QBE Australia Pty Limited owns 12.90% of all issued and outstanding stock of QBE Holdings, Inc., with QBE Investments (North America), Inc., owning the remaining 87.10% of all issued and outstanding stock of QBE Holdings, Inc. QBE Holdings, Inc., is a Delaware insurance holding company.

QBE Holdings, Inc., wholly owns all issued and outstanding stock of QBE Regional Companies, Inc., a Delaware insurance holding company, f/k/a Winterthur U.S. Holdings, Inc. QBE Regional Companies, Inc., wholly owns all issued and outstanding shares of Unigard, Inc., a Washington insurance holding company. Unigard, Inc., wholly owns Unigard Insurance Company, a Washington domestic insurance company licensed by the Washington State Insurance Commissioner (Commissioner) to transact disability, property, marine and transportation, general casualty, surety and vehicle insurance (Washington Certificate of Authority No. 740, NAIC Co. Code 25747). Unigard Insurance Company owns 100% of the issued and outstanding common stock of Unigard Pacific Insurance Company (Unigard Pacific) and Unigard Indemnity Company (UIC), both Washington domestic insurance companies (Certificate of Authority Nos. 211 and 1832, respectively; NAIC Co. Codes 11096 and 25798, respectively). Unigard Pacific is licensed by the Commissioner to transact disability, property, marine and transportation, vehicle, general casualty and surety insurance in Washington State; however, at this time Unigard Pacific does not have any policyholders or claimants. UIC has its statutory home office, main administrative office and mailing address at 15805 NE 24th Street, Bellevue, Washington, 98008.

The Applicant herein is UIC. Pursuant to RCW 48.31B.015(1) and (2), on October 29, 2007, UIC, by and through Jennifer J. Vernon, Esq., Vice President and General Counsel of QBE Regional Companies, Inc., filed a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Company ("Form A") with the Commissioner. 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 merger 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, UIC plans to merge Unigard Pacific with and into UIC and as the surviving corporation, UIC, shall exist by virtue and under the laws of Washington State. The corporate identity, existence, purpose, powers, franchises, rights and immunities of UIC shall continue unaffected and unimpaired by the merger, and the corporate identity, existence, purpose, powers, franchises, rights and immunities of Unigard Pacific shall be merged with and into UIC, and UIC shall be fully vested therewith. The separate existence of Unigard Pacific, except insofar as it may be continued by reason of applicable Washington statute, shall cease upon the Plan of Merger filed herein, becoming effective and thereupon Unigard Pacific and UIC shall become a single corporation, UIC.

Copies of the relevant current and proposed organizational structures, the agreements and all other information relative to this proposed merger of these two corporations are included in the hearing file and are by this reference incorporated herein. The proposed effective date of consummation of the proposed merger is December 31, 2007.

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Pursuant to RCW 48.31B.015(4), the Insurance Commissioner shall approve a merger involving 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 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 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 UIC is expected to testify as to the above stated issues and as to whether UIC or any of its subsidiaries or representatives, has received any objections to the proposed transaction.

Finally, a duly authorized representative of United Pacific is expected to testify as to the above stated issues and as to whether United Pacific has 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 Wednesday, December 12, 2007 @ 10 a.m., in the Office of the Insurance Commissioner, 5000 Capitol Boulevard, Tumwater, Washington 98501, to consider the proposed merger of Unigard Pacific with and into UIC. By request of UIC, and most particularly because United Pacific currently has no policyholders or claimants, the hearing will be held by telephone, with the parties to be contacted by Wendy Galloway, Paralegal to the undersigned, shortly before commencement of the proceeding. The required filings, as specified directly above, shall be filed with the undersigned by close of business on December 11, 2007.

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 merger of Unigard Pacific with and into UIC.

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 Wendy Galloway, paralegal 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 10:00 a.m., Pacific Standard Time, on Wednesday, December 12, 2007, by fax, U.S. Mail, personal delivery, or email. Wendy Galloway's fax number is (360) 664-2782, her mailing address is P.O. Box 40255, Olympia, WA 98504-0255, her delivery address is 5000 Capitol Boulevard, Tumwater, Washington 98501, and her e-mail address 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, and any interested individual(s) or entities, 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 Commissioner will appear pro se, by and through Charles D. Brown, Esq., Sr. Staff Attorney in his Legal Affairs Division, Office of the Insurance Commissioner, 5000 Capital Blvd., Tumwater, WA 98501. Mr. Brown can be reached at (360) 725-7044. The Applicant, UIC, and Unigard Pacific, will be represented by Jennifer J. Vernon, Esq., Vice President & General Counsel for QBE Regional Companies, Inc., One General Drive, Sun Prairie, Wisconsin 53596. She can be reached at (608) 825-5827.

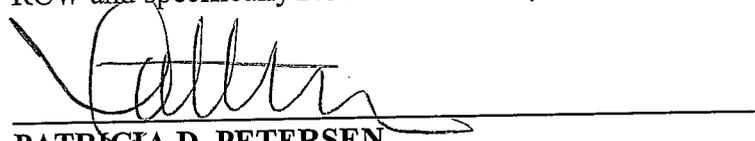
Based upon a delegation of authority from the Insurance Commissioner, the undersigned will conduct the hearing and will make the final decision and enter the final order relative to this matter without input from the Insurance Commissioner or his staff or any other individual who has knowledge of the 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.

On November 19, 2007, the undersigned held a first prehearing conference in this matter. The Commissioner appeared pro se, by and through Charles D. Brown, Esquire. UIC and Unigard Pacific were represented by Jennifer J. Vernon, Esquire. 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.

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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 Tumwater, Washington, this 29th day of November, 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: _____

