

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

Phone: (360) 725-7000  
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FILED

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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 of a true copy of this document to parties listed below  
DATED this 6th day of April 2007 at Tumwater, Washington.

Signed: Wendy Galloway  
Patricia D. Petersen  
Chief Hearing Officer  
(360) 725-7105

OFFICE OF  
INSURANCE COMMISSIONER

HEARINGS UNIT  
Fax: (360) 664-2782

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 Disclaimer of Affiliation and Control of: )

G2007-10-11 WB

FAIRFAX FINANCIAL HOLDINGS LIMITED, The Parent Company of COMMONWEALTH INSURANCE COMPANY OF AMERICA, A Washington Domiciled Insurer, By MACKENZIE FINANCIAL CORPORATION. )

ORDER TERMINATING PROCEEDING

TO: David Geffen, Esquire for Mackenzie Financial Corporation  
Dechert LLP  
200 Clarendon Street, 27<sup>th</sup> Floor  
Boston, Massachusetts 02116

Eric Salsberg, Vice President, Corporate Affairs  
Fairfax Financial Holdings Limited  
95 Wellington Street West, Suite 800  
Toronto, Ontario M5J 2N7

Eric Adelson, Vice-President, Legal  
Mackenzie Financial Corporation  
150 Bloor Street West, Suite M111  
Toronto, Ontario M5S 3B5

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

On December 13, 2006, Mackenzie Financial Corporation (Mackenzie), by and through Eric Adelson, Vice President, Legal, filed a Disclaimer of Control with the Insurance Commissioner (Commissioner), pursuant to RCW 48.31B, most particularly 48.31B.005 and .015, disclaiming control, directly or indirectly, of Fairfax Financial Holdings Limited (Fairfax). Fairfax is the parent company of Commonwealth Insurance Company of America, a Washington domiciled insurer.

Specifically, in its aforementioned disclaimer of control Mackenzie advises that as of December 7, 2006, it held 3,171,171 subordinate shares of Fairfax, representing 9.74% of the votes of the total shares outstanding. Mackenzie further advises that *Mackenzie managed accounts may from time to time acquire additional common shares, dispose of some of all of the existing or additional common shares or may continue to hold the common shares, but will not acquire enough shares to result in a holding of more than 15% of the voting rights of Fairfax. In all instances provided Mackenzie complies with this 15% limit, Mackenzie disclaims control, directly or indirectly, of Fairfax and Commonwealth.*

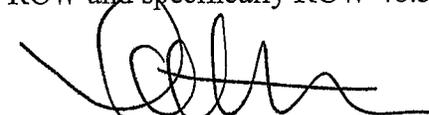
Subsequently, by letter dated February 13, 2007 and filed February 20, 2007, Mackenzie withdrew its Disclaimer of Control, advising that because it now controls less than 10% of the votes of the total issued and outstanding shares of Fairfax said Disclaimer of Control is not necessary. The Commissioner, by letter dated March 19, 2007, and filed March 20, 2007, agreed that, in the current situation, a Disclaimer of Control, and hearing thereon, is not necessary.

Based upon the information above, the hearing in this matter is terminated. However, should Mackenzie managed accounts acquire additional shares so that the result would be that Mackenzie holds more than 10% (not 15%, as stated above) of total issued and outstanding shares of Fairfax, Mackenzie is advised that a Disclaimer of Control is required to be filed with the Commissioner prior to acquisition of such additional shares.

Based upon the above activity,

**IT IS HEREBY ORDERED** that the hearing in this matter is TERMINATED. Should Mackenzie managed accounts acquire additional shares so that the result would be that Mackenzie holds more than 10% of total issued and outstanding shares of Fairfax, Mackenzie shall file a Disclaimer of Control with the Commissioner prior to acquisition of such additional shares, pursuant to RCW 48.31B, and most particularly 48.31B.005 and .015.

ENTERED this <sup>4<sup>th</sup></sup>6 day of April, 2007, at Tumwater, Washington, pursuant to Title 48 RCW and specifically RCW 48.31B, Title 34 RCW and regulations applicable thereto.



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PATRICIA D. PETERSEN  
Chief Hearing Officer  
Presiding Officer