

In the Matter of the Acquisition of Control
of Blue Ridge Indemnity Company

PROPOSED DECISION

by LOTS Intermediate Co.

Case No. 17-C41750

Petitioner

Rebecca Easland, Hearing Examiner, Presiding

APPEARANCES

For the Office of the
Commissioner of Insurance:

Present in person
Richard Hinkel, Chief, Bureau of Financial Analysis
and Examinations
125 South Webster Street
Madison, Wisconsin 53703

For the Petitioner:

Present in person
Noreen Parrett, Attorney
Parrett & O'Connell, LLP
10 East Doty Street, Suite 615
Madison, WI 53703

Present by phone
John Short, Chief Compliance Officer
LOTS Intermediate Co.
10151 Deerwood Park Blvd.
Building 100, Suite 330
Jacksonville, FL 32256

Craig Hart, Vice President Regulatory Affairs
LOTS Intermediate Co.
10151 Deerwood Park Blvd.
Building 100, Suite 330
Jacksonville, FL 32256

Mike Vrban, Treasurer
Life of the South Insurance Company
Bankers Life of Louisiana
Response Indemnity Company of California
Insurance Company of the South
Southern Financial Life Insurance Company
Lyndon Southern Insurance Company
10151 Deerwood Park Blvd.
Building 100, Suite 330
Jacksonville, FL 32256

Proposed Decision
Case No. 17-C41750

For the Wisconsin

Insurer and the Seller: Present in person
Jennifer J. Vernon, Senior Vice President & General Counsel
QBE Americas
1 General Dr.
Sun Prairie, Wisconsin 53596-0001

PRELIMINARY

Pursuant to a Notice of Hearing dated March 13, 2017, a hearing was held at 9:10 a.m. on March 27, 2017, to determine whether the Petitioner's application for approval of the plan for acquisition of control should be granted. Based on the record, the Hearing Examiner makes the following:

PROPOSED FINDINGS OF FACT

(1) LOTS Intermediate Co. (the "Petitioner"), located at , 10151 Deerwood Park Blvd., Building 100, Suite 330, Jacksonville, Florida 32256, was incorporated in 2007 in Delaware and is a wholly owned subsidiary of Fortegra Financial Corporation.

(2) Blue Ridge Indemnity Company, located at One General Drive, Sun Prairie, Wisconsin, 53596, is a Wisconsin domestic stock insurance company.

(3) The Petitioner filed with the Office of the Commissioner of Insurance (Commissioner) an application for approval of the acquisition of control of Blue Ridge Indemnity Company (the "Plan").

(4) The Petitioner was served with a Notice of Hearing.

(5) The Petitioner fulfilled the filing requirements of s. Ins 40.02, Wis. Adm. Code.

(6) The plan will not violate the law or be contrary to the interest of the insureds of Blue Ridge Indemnity Company or of the Wisconsin insureds of any participating nondomestic corporation.

(7) After the acquisition of control, Blue Ridge Indemnity Company will be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed.

(8) The effect of the acquisition of control will not be to create a monopoly or substantially to lessen competition in any type or line of insurance in Wisconsin.

(9) The financial condition of the Petitioner is not likely to jeopardize the financial stability of Blue Ridge Indemnity Company or to prejudice the interests of its Wisconsin policyholders.

(10) There are no plans or proposals to request an extraordinary dividend, to liquidate Blue Ridge Indemnity Company, to sell its assets, or to consolidate or merge it with any person. The Petitioner's plans, after acquiring the voting shares, as described by the Petitioner, are fair and reasonable to the policyholders of Blue Ridge Indemnity Company and in the public interest.

(11) The competence and integrity of the persons who will control the operation of Blue Ridge Indemnity Company are such that it will be in the interest of the policyholders and the public to permit the acquisition of control.

PROPOSED CONCLUSION OF LAW

(12) The proposed findings of fact set forth above establish that the requirements of s. 611.72 and chs. 227 and 617, Wis. Stat., and ch. Ins 40, Wis. Adm. Code, have been satisfied and approval of the plan should be granted.

PROPOSED ORDER

NOW, THEREFORE, based upon the findings of fact and conclusion of law, I hereby recommend that:

(13) The Petitioner's request for approval of the plan for acquisition of control should be approved. It should be further ordered that:

- a) Within ten (10) days of closing of the acquisition, the Applicant or Blue Ridge Indemnity Company shall provide to OCI the final executed closing documents and the final executed copies of all related agreements. In the event the closing does not occur, the Applicant shall notify OCI within three (3) business days.
- b) Blue Ridge Indemnity Company shall comply with the following condition prior to issuing policies of insurance:

Blue Ridge Indemnity Company will stipulate to an order requiring the establishment of a trust to collateralize the liabilities of an affiliated offshore reinsurer Lots Reassurance Company, Ltd., an insurer domiciled in the Turks and Caicos Islands, and to place certain reporting requirements related to the reinsurer.

Dated at Madison, Wisconsin, this 27th day of March, 2017.



Rebecca L. Easland
Hearing Examiner