



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tony Evers, Governor  
Mark V. Afable, Commissioner

Wisconsin.gov

January 22, 2019

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Advanced Via E-Mail

CATHERINE F. HOOD  
COO & SECRETARY  
GLENCAR INSURANCE COMPANY  
200 S ORANGE AVE STE 1900  
ORLANDO, FL 32801

RE: Stipulation and Order – Disclaimer of Control

Dear Ms. Hood:

This correspondence is in response to an email dated November 19, 2018, in which Glencar Insurance Company and Hannover Finance Inc. (HFI) submitted a disclaimer of control on behalf of Haftpflichtverband der Deutschen Industrie V.a.G (HDI) and Talanx AG (Talanx). Glencar is a wholly-owned subsidiary of HFI, which in turn is a wholly-owned subsidiary of Hannover Ruck SE, a German holding company. HDI owns 79.04% interest in Talanx, who in turn owns a 50.22% interest in Hannover Ruck SE.

After reviewing the disclaimer of control, this office determined that under s. 40.03 (8) Wis. Adm. Code, HDI is the ultimate controlling person of Glencar Insurance Company. Therefore, your request is respectfully declined.

Thank you for keeping us informed. If you have any questions, please do not hesitate to contact me.

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Sincerely,

Levi Olson, CPA  
Insurance Financial Examiner Chief  
Bureau of Financial Analysis and Examinations  
(608) 264-8125  
Levi.Olson@wisconsin.gov

cc: Patrick P. Fee (email only)

11/19/13

## DISCLAIMER OF CONTROL

FILED BY GLENCAR INSURANCE COMPANY AND  
HANNOVER FINANCE, INC.  
ON BEHALF OF  
HAFTPFLICHTVERBAND DER DEUTSCHEN INDUSTRIE V.A.G. AND  
TALANX AG

PURSUANT TO WIS. ADMIN. CODE INS § 40.03(8)

Pursuant to Wis. Admin. Code INS § 40.03(8), and in accordance with Section (4) of that certain Stipulation and Order dated January 17, 2018 in Case No. 17-C42241 (the "Stip and Order"), Glencar Insurance Company ("Glencar") and Hannover Finance, Inc. ("HFI") hereby jointly file a disclaimer of control on behalf of Haftpflichtverband der Deutschen Industrie V.a.G. ("HDI") and Talanx AG ("Talanx").

This Disclaimer is being filed to establish that Talanx's direct, and HDI's indirect, ownership of equity interests of Hannover Rueck SE ("Hannover Re") does not result in either Talanx or HDI exercising "control" of Glencar as that term is defined in Wis. Stat. § 600.03(13).

1. Glencar is a Wisconsin stock insurance corporation and is a signatory to the above-referenced Stip and Order issued in Case No. 17-C42241.
2. Glencar is a wholly-owned subsidiary of HFI. HFI is a Delaware stock holding company that has no current active business other than managing its investment portfolio, which includes Glencar and Hannover Life Reassurance Company of America (Bermuda) LTD., a Bermuda corporation.
3. HFI is a wholly-owned subsidiary of Hannover Re. Hannover Re, with gross premium of EUR 16.4 billion, is the third-largest reinsurer in the world. It transacts all lines of property and casualty and life & health reinsurance and is present on all continents, except Antarctica, with around 2,900 staff. Established in 1966, the Hannover Re group has a network of more than 100 subsidiaries, branches and representative offices worldwide.
4. It is noted that 50.22% of the equity interests of Hannover Re are currently owned by Talanx (and 79.04% of the equity interests of Talanx are currently

owned by HDI). The remaining 49.8% of Hannover Re's equity interests are publicly-held and traded.<sup>1</sup>

5. Hannover Re's corporate governance structure consists of a separate Executive Board and Supervisory Board. The Executive Board directs and manages the day-to-day business operations of Hannover Re. The Supervisory Board appoints the Executive Board and exercises oversight functions. The Supervisory Board consists of members elected by the shareholders of Hannover Re. There is no overlap of members between the Executive Board and the Supervisory Board. In order to ensure that the Supervisory and Executive Boards operate independent of each other within their respective roles, no more than two former members of the Executive Board may serve as members of the Supervisory Board.<sup>2</sup>

5. Other than Hannover Re and HFI, no person or persons possess the power to direct or cause the direction of the management and policies of Glencar.

6. For example, the decision to cause HFI to acquire Glencar in the first place was made by the Executive Board of Hannover Re in conjunction with the HFI Board of Directors.<sup>3</sup> No additional corporate approvals were required, sought or obtained within the Hannover Re or HFI organizations relative to HFI's acquisition of Glencar. Specifically, no such approvals were required, sought or obtained from either Talanx or HDI (in their respective capacities as direct and indirect shareholders of Hannover Re) or from the Supervisory Board of Hannover Re.

7. In addition, the Business Plan for Glencar, which was attached as Exhibit 9 to HFI's Form A Statement Regarding the Acquisition of Control Of or Merger With Glencar, filed with the Office of the Commissioner of Insurance for the State of Wisconsin (the "Commissioner") on October 20, 2017 (the "Business Plan"), was prepared exclusively by the undersigned and various management personnel of Glencar, subject only to the general oversight and input of the HFI Board and/or the Executive Board of Hannover Re.

8. The future implementation of Glencar's Business Plan and the development of any changes thereto, as well as the management and policies of Glencar generally, shall be the sole responsibility of Glencar's Board of Directors and

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<sup>1</sup> See, Hannover Re "Shareholder Structure," publicly-available at <https://www.hannover-re.com/199713/shareholder-structure>.

<sup>2</sup> See no. 6.4, "Corporate Governance Principles of Hannover Rueck SE," publicly available at <https://www.hannover-re.com/50889/corporate-governance-principles.pdf>.

<sup>3</sup> See, Board Resolutions of HFI and the Executive Board of Hannover Re, true and correct copies of which are attached hereto as Exhibits A and B, respectively.

management, again subject only to the general oversight and input of the HFI Board and/or the Executive Board of Hannover Re.

9. Neither HDI nor Talanx had any involvement in Hannover Re's decision to cause HFI to acquire Glencar, or in the preparation and implementation of Glencar's current Business Plan. There is no current corporate, contractual or other legal mechanism or plan through which HDI or Talanx will direct, or cause the direction of, the management and policies of Glencar.

10. Glencar and HFI understand that, because Talanx owns more than 10% of the voting securities of Hannover Re (and HDI, in turn, owns more than 10% of the voting securities of Talanx), there is a "rebuttable presumption" that each of HDI and Talanx "control" Glencar for purposes of Wis. Stat. § 600.03. However, Glencar and HFI respectfully submit that the information provided in paragraphs 1 through 9, *supra*:

- A. rebuts the foregoing presumption of "control" and establishes that neither HDI nor Talanx possess or exercise the power to direct, or cause the direction of, the management or policies of Glencar;
- B. establishes that actual control of Glencar, through the power to direct or cause the direction of its management and policies, is and will continue to be possessed directly by the management and Board of Directors of Glencar, and indirectly by HFI and/or the Executive Board of Hannover Re; and
- C. establishes that neither HDI nor Talanx has made any attempt to exercise control over Glencar, HFI or their respective management or policies, nor is Glencar or HFI aware of any intention by either HDI or Talanx to attempt to exercise such control in the future.

Therefore, based on the information set forth above, referenced herein, and submitted herewith, and pursuant to Wis. Admin. Code INS § 40.03(8), Glencar and HFI respectfully request the Commissioner to accept and find that neither HDI nor Talanx "control" Glencar for purposes of Wis. Stat. § 600.03(13).

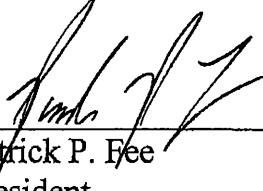
This Disclaimer is filed in duplicate so that if the Commissioner accepts the same, he may endorse it and return a copy for the undersigned's records.

*[signature page follows]*

Signed this 8th day of November, 2018.

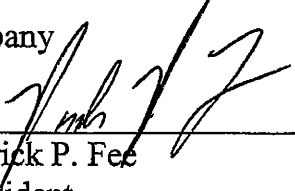
Hannover Finance, Inc.

By:

  
\_\_\_\_\_  
Patrick P. Fee  
President

Glencar Insurance Company

By:

  
\_\_\_\_\_  
Patrick P. Fee  
President

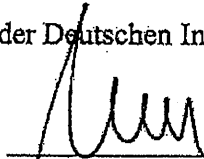
Haftpflichtverband der Deutschen Industrie V.a.G. and Talanx AG confirm that

- i) neither HDI nor Talanx had any involvement in Hannover Re's decision to cause HFI to acquire Glencar, or in the preparation and implementation of Glencar's current Business Plan, and
- ii) there is no current corporate, contractual or other legal mechanism or plan through which HDI or Talanx intends to direct, or cause the direction of, the management and policies of Glencar, and
- iii) neither HDI nor Talanx has made any attempt to exercise control over Glencar, nor has currently any intention to attempt to exercise such control in the future.


Signed this 8th day of November, 2018.

Haftpflichtverband der Deutschen Industrie V.a.G.

By:

  
Torsten Leue, CEO

By:

  
Dr. Immo Querner, CFO

Talanx AG

By:

  
Torsten Leue, CEO

By:

  
Dr. Immo Querner, CFO