

In the Matter of Northwestern National Insurance Company
of Milwaukee, Wisconsin, et. al.

STIPULATION
AND ORDER

Case No. 17-C41674

Respondents.

WHEREAS, Northwestern National Insurance Company of Milwaukee, Wisconsin, 8200 Beckett Park Drive, West Chester, Ohio 45069 ("NNIC" and a "Respondent"), is subject to the jurisdiction and control of the Office of the Commissioner of Insurance (the "OCI") in the State of Wisconsin; and

WHEREAS, a Form A Statement was filed by Sandell Holdings Ltd., a Bermuda corporation, pursuant to s. 611.72, Wis. Stats., and s. Ins 40.02, Wis. Adm. Code, dated January 10, 2017, seeking approval from the Commissioner for a change of control of NNIC (the "Change in Control Plan"); and

WHEREAS, Lars E. T. Sandell (a "Respondent" and "Non-NNIC Respondent") owns and exercises control over 97.62% of the common shares of Sandell Holdings Ltd.; and

WHEREAS, upon consummation of the Change in Control Plan, Lars E. T. Sandell will indirectly own and exercise control over 50% of the shares of SOBC Holdings Ltd. (a "Respondent" and a "Non-NNIC Respondent"), a corporation domiciled in the United Kingdom and the ultimate controlling person of NNIC prior to any consummation of the Change in Control Plan by Sandell Holdings Ltd.; and

WHEREAS, Stephanie C. Mocatta, a resident of Thornham, United Kingdom (a "Respondent" and a "Non-NNIC Respondent"), is President and a member of the Board of Directors of NNIC and indirectly owns and exercises control over 10.1% of the shares of SOBC Holdings Ltd.; and

WHEREAS, Richard P. Whatton, a resident of Kent, United Kingdom (a "Respondent" and a "Non-NNIC Respondent"), is a member of the Board of Directors of NNIC and indirectly owns and exercises control over 10.1% of the shares of SOBC Holdings Ltd.; and

WHEREAS, Harry M. Witcher, a resident of Norfolk, United Kingdom (a "Respondent" and a "Non-NNIC Respondent"), is a member of the Board of Directors of NNIC and owns and exercises control over 10% of the shares of SOBC Holdings Ltd.; and

WHEREAS, Thomas F. X. Hodson, a resident of West Hartford, Connecticut (a "Respondent" and a "Non-NNIC Respondent"), is General Counsel, Secretary, and a member of the Board of Directors of NNIC and owns and exercises control over 9.9% of the shares of SOBC Holdings Ltd.; and

WHEREAS, Brian Johnston, a resident of Chatham, New Jersey (a "Respondent" and a "Non-NNIC Respondent"), is Treasurer and a member of the Board of Directors of NNIC and indirectly owns and exercises control over 9.9% of the shares of SOBC Holdings Ltd.; and

WHEREAS, the Commissioner and the Respondents have agreed to certain terms and conditions in conjunction with the Commissioner's approval of the change in control by and between NNIC and Sandell Holdings.

NOW, THEREFORE, the Respondents and the OCI do agree and stipulate to the following terms and conditions:

- (1) Each Non-NNIC Respondent will seek the prior nondisapproval of the OCI through the filing of a Form D Statement if the Non-Respondent or any entity for which such Respondent owns 10% or more of such entity's securities would enter into a transaction with NNIC if such transaction would have required a Form D Statement in accordance with s. 617.21, Wis. Stats., and s. Ins 40.04, Wis. Adm. Code, if such Non-NNIC Respondent was an affiliate of NNIC. The OCI's decision with regard to any such Form D Statement will be in accordance with s. 617.21, Wis. Stats., and s. Ins 40.04, Wis. Adm. Code.

- (2) The organizational chart in the annual Holding Company Registration Statement on Forms B and C that are filed on behalf of NNIC pursuant to s. Ins 40.03, Wis. Adm. Code, shall disclose the ownership interest in Sandell Holdings Ltd. and SOBC Holdings Ltd. of each Respondent that owns 10% or more of the securities of either Sandell Holdings Ltd. and SOBC Holdings Ltd. The financial statements of the ultimate controlling persons that shall be filed in conjunction with the annual Holding Company Registration Statement shall be those of both Sandell Holdings Ltd. and SOBC Holdings Ltd.
- (3) If requested by the OCI in writing, Lars E. T. Sandell agrees to provide a personal statement of financial position (that is, a balance sheet disclosing his total assets, liabilities, and financial net worth), with a signed and notarized personal attestation as to its accuracy from Lars E. T. Sandell, within 30 days after the date of such request, unless additional time for filing is agreed in writing by the OCI. The statement of financial position need not be audited by a public or chartered accounting firm unless such an audit opinion is requested in writing by the OCI at least 120 days before the date on which the statement of financial position is due. Lars E. T. Sandell and the OCI agree that any such statement of financial position shall be provided pursuant to s. 601.42 (4), Wis. Stat., unless other authority from the Wisconsin Statutes or the Wisconsin Administrative Code is specifically cited in the written request from the OCI. In the event that any such statement of financial position is requested and there is any request for disclosure of one or more of such statements of financial position from a party other than another U.S. state or Federal regulator or law enforcement agency or a foreign jurisdiction with which the OCI has a memorandum of understanding or other form of written confidentiality arrangement, the OCI shall make a determination as to whether the statement or statements are privileged under s. 601.465, Wis. Stat. In the event that the OCI, in the OCI's sole discretion, determines that assertion of such privilege is not permitted under ch. 19, Wis. Stat., the OCI will notify Lars E. T. Sandell prior to disclosure so that Lars E. T. Sandell may undertake to defend the confidentiality of such statements.
- (4) NNIC shall contact each Non-NNIC Respondent during its preparation of each annual Holding Company Registration Statement to obtain a list of each entity for which the Non-NNIC Respondent owns a 10% or more of the securities, together with such Non-NNIC Respondent's ownership percentage in each such entity.
- (5) This Stipulation may be executed in any number of counterparts, each of which when executed and delivered to the OCI shall constitute a duplicate original, but all counterparts together shall constitute this Stipulation.
- (6) This Stipulation shall be applicable only if Sandell Holdings Ltd. acquires control of NNIC, and this Stipulation shall become effective immediately upon Sandell Holdings Ltd.'s consummation of the Change in Control Plan.
- (7) The Respondents agree that this Stipulation is made without reservation and constitutes a waiver of valuable rights including a hearing, confrontation and cross-examination of witnesses, production of evidence, making a motion for costs, and judicial review. The OCI may enforce this Stipulation and Order. In addition, if one or more of the Respondents is involved in a future administrative or disciplinary action, this Stipulation may be considered. The Respondents acknowledge that the OCI may make additional orders or subsequently modify or supersede this order by making a subsequent order. However, this Stipulation applies only to this Order as originally issued and the Respondents reserve their rights to contest any other new orders of the Commissioner or any modifications to this Order.

Date

Thomas F. X. Hodson, on behalf of himself and as
General Counsel, Secretary and Director on behalf of
Northwestern National Insurance Company
of Milwaukee, Wisconsin

Date

Lars E. T. Sandell, on behalf of himself and
on behalf of Sandell Holdings Ltd.

Date

Stephanie C. Mocatta, on behalf of herself and as
President of Northwestern National Insurance Company
of Milwaukee, Wisconsin

Date

Richard P. Whatton, on behalf of himself and as a
Director of Northwestern National Insurance Company
of Milwaukee, Wisconsin

Date

Harry M. Witcher, on behalf of himself and as a
Director of Northwestern National Insurance Company
of Milwaukee, Wisconsin

Date

Brian Johnston, on behalf of himself and as
Treasurer and Director of
Northwestern National Insurance Company
of Milwaukee, Wisconsin

Date

Rebecca L. Easland, Director
Bureau of Financial Analysis & Examinations
Office of the Commissioner of Insurance

ORDER

NOW, THEREFORE, based upon consideration of the Stipulation in this matter, I hereby order that:

- (8) The Respondents shall comply with their agreements as recited in this Stipulation.
- (9) This Order shall be effective only if Sandell Holdings Ltd. consummates the Change in Control Plan, whereupon this Order shall become effective immediately.
- (10) This Order shall continue until modified or terminated by the OCI, with written notice to the Respondents. As respects any Non-NNIC Respondent, this Order shall terminate at such time as such Non-NNIC Respondent exercises control, by either ownership or proxy, over less than 2% the voting securities of SOBC Holdings Ltd. or its successors and assigns and such Non-NNIC Respondent no longer holds any office or directorship in the succession of control of NNIC.

Dated at Madison, Wisconsin, this _____ day of _____, 2017.

Theodore K. Nickel
Commissioner of Insurance