

Mancusi-Ungaro, Michael - OCI

From: Mancusi-Ungaro, Michael - OCI
Sent: Friday, April 12, 2019 1:55 PM
To: Toman, William J.
Subject: In the Matter of the Acquisition of Control of National Farmers Union Property and Casualty Company by Integon National Insurance Company, Inc. (Case No. 19-C43025)
Attachments: Integon National Inquiry 04122019.pdf

Dear Mr. Toman,

Attached is a list of questions I have regarding the above captioned transaction. Please let me know if you have any questions or concerns.

Sincerely,

MMU



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tony Evers, Governor
Mark V. Afable, Commissioner

Wisconsin.gov

April 12, 2019

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Advanced Via E-Mail

William J. Toman, Esq.
Outside Counsel for National General Holdings Corp
Quarles & Brady LLP
33 East Main Street, Suite 900
Madison, WI 53703-3095
William.Toman@quarles.com

Re: In the Matter of the Acquisition of Control of National Farmers Union Property and Casualty Company
by Integon National Insurance Company, Inc. (Case No. 19-C43025)

Dear Mr. Toman:

Responses to the following items are requested in connection with the review of the above-captioned case:

1. Please provide the most recent five years of audited financial statements for the 2005 Michael Karfunkel Family Trust.
2. Please identify the legal structure of the 2005 Michael Karfunkel Family Trust, i.e., is it also a grantor retained annuity trust?
3. Please provide the most recent five years of audited financial statements for the Leah Karfunkel 2016 NG GRAT.
4. Please provide the most recent five years of audited financial statements for Leah Karfunkel.
5. Please identify any charitable trusts or similar legal entities that are related to the trusts identified in Questions 1 & 3, above.
6. Are there any formal or informal relationships between the 2005 Michael Karfunkel Grantor Annuity Trust and:
 - a. The entity identified in Question 1?
 - b. The entity identified in Question 3?
 - c. Any proposed board member or officer identified in the Form A filed in this case?
 - d. Any charities?
 - e. Foreign corporations?
7. Have any of the GRATs under the control of any of the individuals identified in the Form A filed in this matter received any additional contributions or made donations to other entities?
 - a. Have any of the GRATs under the control of any of the individuals identified in the Form A entered into any loan agreements with other entities?

8. Please provide:
 - a. All consent decrees, stipulations and orders, or agreements relevant to the cases disclosed in responses to Biographical Affidavit Question 15(c).
 - b. Any pending settlement with regulators – insurance or otherwise – and the factual basis for the regulator’s complaint.
 - c. The last four examination reports issued by the North Carolina Department of Insurance for the Applicant.
 - d. The updated National General Holding Company’s Enterprise Risk Management Program description and implementation documents for the years 2015, 2016, 2017 & 2018.
 - e. Please disclose any pending or initial investigations into the conduct of the Applicant, its intermediate or ultimate controlling entity.
9. Please identify any individual listed as an officer, director, or board member of the Applicant, or its parent, or the 2005 Michael Karfunkel Family Trust who was involved in negotiating for or approving the purchase of Tower Group.
10. Does the business plan filed in conjunction with the Form A contemplate the introduction of auto policies with a seven day coverage term to the Wisconsin insurance market?
11. In the past ten years, please indicate the number of times the Applicant or National General Holdings Corp. has had to file amended annual or quarterly financial statements.
12. Has any current or former board member, corporate officer, or director of the Applicant or its ultimate or intermediate controlling parent been suspended, convicted, charged, or acquitted of securities related violations?
13. Please certify that all required Form A filings have been filed in the appropriate jurisdictions and confirm the identity of those jurisdictions.
14. Please certify that all required Form D filings have been filed and approved in the appropriate jurisdictions and confirm the identity of those jurisdictions.
15. Please provide both Integon National Insurance Company’s internal IT Risk Assessment program documents and policies.
16. Please provide National General Holding Corp.’s internal Risk Assessment program documents and policies.
17. Please provide Integon National’s reinsurance guidelines and a thorough description of the reinsurance program, including the identity of the reinsurers under each major reinsurance treaty. The description of the reinsurance program should describe the role of any captive reinsurance involving affiliates in the National General holding company system and any reinsurance relationships with the AmTrust Group.
 - a. Are there expected to be any conditional commissions and or profit sharing contemplated in the reinsurance agreements?
18. Please provide the status of the Well Fargo lender placed insurance litigation.

Mr. William J. Toman
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19. Please identify if National General Holdings Corp. is affiliated with AmTrust Financial Services. Please identify and describe any administrative or service contracts between National General Holdings Corp. and AmTrust Financial Services
20. Are there any plans to simplify the holding company structure that the Applicant and the Applicant's ultimate controlling person currently use?
21. How many claims did Integon National Insurance Company receive nationwide in each of 2016, 2017, 2018, and year-to-date in 2019?
22. How many insurance department complaints did Integon National Insurance Company receive nationwide in each of 2016, 2017, 2018, and year-to-date in 2019?

If you have any questions concerning this letter or on this Office's review of this case, please contact me at (608) 267- 4555 or Michael.MancusiUngaro@wisconsin.gov.

Sincerely,

Michael Mancusi-Ungaro
Insurance Financial Examiner – Advanced (Licensing Specialist)
Bureau of Financial Analysis and Examinations