



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tony Evers, Governor  
Mark V. Afable, Commissioner

Wisconsin.gov

July 10, 2019

125 South Webster Street • P.O. Box 7873  
Madison, Wisconsin 53707-7873  
Phone: (608) 266-3585 • Fax: (608) 266-9935  
ociinformation@wisconsin.gov  
oci.wi.gov

Advanced Via E-Mail

Mr. William J. Toman  
Quarles & Brady LLP  
33 East Main Street, Suite 900  
Madison, Wisconsin 53703

Re: Case No. 19-C43025

Dear Mr. Toman:

Enclosed is a copy of the Final Decision in the above-referenced matter.

Any appeal to circuit court for review of this Final Decision must be served on the Commissioner of Insurance, 125 South Webster Street, Madison, Wisconsin 53703.

Sincerely,

A handwritten signature in cursive script that reads "Steven J. Junior".

Steven J. Junior, Deputy Director  
Bureau of Financial Analysis and Examinations

Enclosure

cc: Mr. Jeffrey Weissmann (via e-mail only)

In the Matter of the Acquisition of Control  
of National Farmers Union Property and Casualty Company  
by Integon National Insurance Company,

FINAL DECISION

Case No. 19-C43025

Petitioner.

FINAL DECISION

I adopt the Hearing Examiner's Proposed Decision, including the findings of fact and conclusions of law, which is attached to this Final Decision and which was served on the Petitioners with an opportunity for submitting written objections.

Based upon these findings of fact and conclusions of law, I order that:

(14) The Petitioner's request for approval of the plan for the acquisition of control is approved, subject to the following conditions subsequent:

- a) Following the consummation of the acquisition of control, National Farmers Union Property and Casualty Company shall promptly apply to redomicile to another state of the United States such that National Farmers Union Property and Casualty Company can reasonably be expected to complete the redomestication prior to December 31, 2020. If National Farmers Union Property and Casualty Company has not redomiciled on or before December 31, 2020, it shall cease and desist from the writing of new direct or assumed insurance business until such time as it successfully effectuates a change of domicile, unless the Wisconsin Office of the Commissioner of Insurance, in its sole discretion, allows additional time for it to redomicile without ceasing and desisting from the writing of new direct or assumed insurance business.
- b) Each of the following affiliated entities, as entities in the proposed succession of control of National Farmers Union Property and Casualty Company shall file a Consent to Jurisdiction Statement on National Association of Insurance Commissioners' Form AA within ten (10) calendar days of the consummation of the proposed change in control:
  1. Leah Karfunkel 2016-NG GRAT
  2. Michael Karfunkel Family 2005 Trust
  3. National General Holdings Corp.
  4. National General Management Corp.

NOTICE OF APPEAL INFORMATION

(Notice of rights for rehearing and judicial review,  
the times allowed for each, and the identification  
of the party to be named as respondent)

The following notice is served on you as part of the Final Decision:

1. Rehearing.

Any person aggrieved by this Final Decision may petition for a rehearing within 20 days after the service of this Final Decision, as provided in s. 227.49, Wis. Stat. A petition for rehearing is not a prerequisite for appeal directly to circuit court through a petition for judicial review.

A petition for rehearing must be filed with the Commissioner at the address below.

2. Judicial Review.

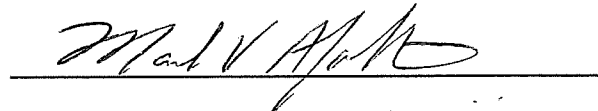
Any person aggrieved by this Final Decision has a right to petition for judicial review of this Final Decision as provided in s. 227.53, Wis. Stat. The petition must be filed in circuit court within 30 days after service of this Final Decision if there has been no petition for rehearing, or within 30 days after service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition by operation of law of any petition for rehearing.

A petition for judicial review must be served on, and name as the Respondent:

Commissioner of Insurance, Respondent  
Office of the Commissioner of Insurance  
P. O. Box 7873  
Madison, Wisconsin 53707-7873

A copy of the relevant statutory provisions is attached.

Dated at Madison, Wisconsin, this 9<sup>th</sup> day of JULY, 2019.



Mark V. Afable  
Commissioner of Insurance

WISCONSIN STATUTES

At all times material, the relevant parts of s. 227.49, Wis. Stat., read as follows:

227.49 PETITIONS FOR REHEARING IN CONTESTED CASES.

(l) A petition for rehearing shall not be a prerequisite for appeal or review. Any person aggrieved by a final order may, within 20

days after service of the order, file a written petition for rehearing which shall specify in detail the grounds for the relief sought and supporting authorities. An agency may order a rehearing on its own motion within 20 days after service of a final order. . . .

(2) The filing of a petition for rehearing shall not suspend or delay the effective date of the order, and the order shall take effect on the date fixed by the agency and shall continue in effect unless the petition is granted or until the order is superseded, modified, or set aside as provided by law.

(3) Rehearing will be granted only on the basis of:

(a) Some material error of law.

(b) Some material error of fact.

(c) The discovery of new evidence sufficiently strong to reverse or modify the order, and which could not have been previously discovered by due diligence.

(4) Copies of petitions for rehearing shall be served on all parties of record. Parties may file replies to the petition.

(5) The agency may order a rehearing or enter an order with reference to the petition without a hearing, and shall dispose of the petition within 30 days after it is filed. If the agency does not enter an order disposing of the petition within the 30-day period, the petition shall be deemed to have been denied as of the expiration of the 30-day period.

(6) Upon granting a rehearing, the agency shall set the matter for further proceedings as soon as practicable. . . .

At all times material, the relevant part of s. 227.52, Wis. Stat., read as follows:

227.52 JUDICIAL REVIEW; DECISIONS REVIEWABLE.

Administrative decisions which adversely affect the substantial interests of any person, whether by action or inaction, whether affirmative or negative in form, are subject to review as provided in this chapter. . . .

At all times material, the relevant parts of s. 227.53, Wis. Stat., read as follows:

227.53 PARTIES AND PROCEEDINGS FOR REVIEW. (1)

Except as otherwise specifically provided by law, any person aggrieved by a decision specified in s. 227.52 shall be entitled to judicial review thereof as provided in this chapter.

(a) 1. Proceedings for review shall be instituted by serving a petition therefor personally or by certified mail upon the agency or one of its officials, and filing the petition in the office of the clerk of the circuit court for the county where the judicial review proceedings are to be held. . . .

2. Unless a rehearing is requested under s. 227.49, petitions for review under this paragraph shall be served and filed within 30 days after the service of the decision of the agency upon all parties under s. 227.48. If a rehearing is requested under s. 227.49, any party desiring judicial review shall serve and file a petition for review within 30 days after service of the order finally disposing of the application for rehearing, or within 30 days after the final disposition by operation of law of any such application for rehearing. The 30-day period for serving and filing a petition under this paragraph commences on the day after personal service or mailing of the decision by the agency.

(b) The petition shall state the nature of the petitioner's interest, the facts showing that petitioner is a person aggrieved by the decision, and the grounds specified in s. 227.57 upon which petitioner contends that the decision should be reversed or modified. . . .

(c) A copy of the petition shall be served personally or by certified mail or, when service is timely admitted in writing, by first class mail, not later than 30 days after the institution of the proceeding, upon each party who appeared before the agency in the proceeding in which the decision sought to be reviewed was made or upon the party's attorney of record. . . .

(d) The agency . . . and all parties to the proceeding before it, shall have the right to participate in the proceedings for review. . .

In the Matter of the Acquisition of Control  
of National Farmers Union Property and Casualty Company  
by Integon National Insurance Company,

PROPOSED DECISION

Case No. 19-C43025

Petitioner.

Amy J. Malm, Hearing Examiner, Presiding

APPEARANCES

For the Office of the  
Commissioner of Insurance:

Present in person

Steven J. Junior, Deputy Director  
Richard Wicka, Chief Legal Counsel  
Kristin Forsberg, Insurance Financial Examiner – Chief  
Karyn Culver, Paralegal  
Bureau of Financial Analysis and Examinations  
125 South Webster Street  
Madison, Wisconsin 53703

For the Petitioner:

Present in person

Mr. William J. Toman  
Quarles & Brady LLP  
33 East Main Street, Suite 900  
Madison, Wisconsin 53703

Present by telephone

Mr. Jeffrey Weissmann\*  
General Counsel  
National General Holdings Corp.  
59 Maiden Lane, 38th Floor  
New York, New York 10038

Other appearances:

Present in person

Mark T. Pasko\*  
Senior Vice President, General Counsel – Business  
Support Unit  
QBE North America  
55 Water Street  
New York, New York 10041

Present by telephone

Jose R. Gonzalez\*  
Chief Legal Officer  
QBE North America  
55 Water Street  
New York, New York 10041

John N. Emmanuel\*\*

Julie L. Mahaney\*\*  
Locke Lord LLP  
Brookfield Place  
200 Vesey Street, 20 th Floor  
New York, New York 10281

\* Messrs. Weissmann, Pasko and Gonzalez are appearing at the hearing as representatives of their company, and not as legal counsel representing the company in the hearing.

\*\* Mr. Emmanuel and Ms. Mahaney are appearing at the hearing with their clients, but not representing them in the hearing.

### PRELIMINARY

Pursuant to a Notice of Hearing dated June 20, 2019, a hearing was held at 1:01 p.m. on July 2, 2019, 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) Integon National Insurance Company, 5630 University Parkway, Winston-Salem, North Carolina 27105, is a stock corporation domiciled in North Carolina (the Petitioner).

(2) National Farmers Union Property and Casualty Company, One QBE Way, Sun Prairie, Wisconsin 53596, is a Wisconsin domestic stock insurance corporation.

(3) The Petitioner filed with the Office of the Commissioner of Insurance an application for approval of the acquisition of control of the National Farmers Union Property and Casualty Company (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 interests of the insureds of the National Farmers Union Property and Casualty Company.

(7) After the acquisition of control, National Farmers Union Property and Casualty 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 Integon National Insurance Company is not likely to jeopardize the financial stability of National Farmers Union Property and Casualty Company or to prejudice the interests of its Wisconsin policyholders.

(10) There are no plans or proposals to liquidate the domestic stock insurance corporation, National Farmers Union Property and Casualty Company, to sell its assets, or to consolidate or merge it with any person or make any other material change in its business or corporate structure.

(11) The competence and integrity of the persons who will control the operation of the domestic stock insurance corporation, National Farmers Union Property and Casualty Company, and its proposed parent corporation, Integon National Insurance 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.

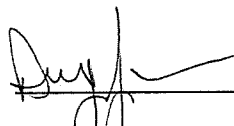
PROPOSED ORDER

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, subject to the following conditions subsequent:

- a) Following the consummation of the acquisition of control, National Farmers Union Property and Casualty Company shall promptly apply to redomicile to another state of the United States such that National Farmers Union Property and Casualty Company can reasonably be expected to complete the redomestication prior to December 31, 2020. If National Farmers Union Property and Casualty Company has not redomiciled on or before December 31, 2020, it shall cease and desist from the writing of new direct or assumed insurance business until such time as it successfully effectuates a change of domicile, unless the Wisconsin Office of the Commissioner of Insurance, in its sole discretion, allows additional time for it to redomicile without ceasing and desisting from the writing of new direct or assumed insurance business.
- b) Each of the following affiliated entities, as entities in the proposed succession of control of National Farmers Union Property and Casualty Company shall file a Consent to Jurisdiction Statement on National Association of Insurance Commissioners' Form AA within ten (10) calendar days of the consummation of the proposed change in control:
  1. Leah Karfunkel 2016-NG GRAT
  2. Michael Karfunkel Family 2005 Trust
  3. National General Holdings Corp.
  4. National General Management Corp.

Dated at Madison, Wisconsin, this 2nd day of July, 2019.

  
\_\_\_\_\_  
Amy J. Malm  
Hearing Examiner