

FORM A

**STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR MERGER
WITH A DOMESTIC INSURER**

Filed with the Office of the Commissioner of Insurance,
State of Wisconsin

THE OMAHA INDEMNITY COMPANY

by

HANNOVER FINANCE, INC.

Dated October 20, 2017

Name, title, address and telephone number of individual to whom notices and correspondence concerning this statement should be addressed:

Patrick P. Fee
President
Hannover Finance, Inc.
200 South Orange Avenue
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(917) 346-6239

With a copy to:

Thomas R. Hrdlick
Foley & Lardner LLP
777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202
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ITEM 1. INSURER AND METHOD OF ACQUISITION

The name and address of the Domestic Insurer to which this application (this “**Form A**”) relates is: The Omaha Indemnity Company (“**OIC**” or the “**Domestic Insurer**”), 3300 Mutual of Omaha Plaza, Omaha, Nebraska 68175 (NAIC # 12254). Mutual of Omaha Insurance Company (“**Mutual of Omaha**”) currently owns 100% of the issued and outstanding voting stock of the Domestic Insurer.

The acquiring party in this transaction is Hannover Finance, Inc. (“**HFI**” or the “**Applicant**”). The Applicant is a Delaware corporation.

The Applicant intends to acquire control of OIC by acquiring 100% of the issued and outstanding stock of OIC pursuant to that certain Stock Purchase Agreement (the “**SPA**”) dated September 15, 2017, by and between Mutual of Omaha and the Applicant. A true and correct copy of the SPA is attached to this Form A as **Exhibit 1** and is incorporated herein by this reference.

Pursuant to the SPA, and subject to, among other things, the receipt of all required regulatory approvals, including the approval of this Form A by the Wisconsin Office of the Commissioner of Insurance (the “**Commissioner**”), the Applicant intends to acquire all of the issued and outstanding shares of the capital stock of OIC (the “**Acquisition**”). As a result of the Acquisition, the Applicant will acquire the power to exercise all voting rights in the governance of OIC. The specific terms and conditions governing the acquisition are set forth in the SPA. Certain material terms of the SPA are summarized as follows:

- At the time the SPA was signed, there were 40,000 shares of common stock of OIC issued and outstanding (the “**Common Stock**”), all of which are wholly-owned by Mutual of Omaha.
- Prior to the closing of the Acquisition, OIC and Property and Casualty Company of Omaha (“**PCCO**”), a subsidiary of Mutual of Omaha, will enter into a 100% Quota Share Reinsurance Agreement (the “**Reinsurance Agreement**”) whereby, subject to the terms and conditions of the Reinsurance Agreement, PCCO will assume, on a 100% quota share basis, all of the gross liabilities and obligations of OIC of any nature, whenever arising or occurring, and arising out of or relating to, *inter alia*, policies and/or contracts of insurance and reinsurance (i) issued or renewed by OIC from the formation of OIC through the Effective Date (as that term is defined in the Reinsurance Agreement) and/or (ii) that OIC is required by Applicable Law (as that term is defined in the Reinsurance Agreement) to issue or renew on or after the Effective Date with respect to policies and/or contracts of insurance and reinsurance issued prior to the Effective Date (collectively, the “**Reinsured Contracts**”). The Reinsurance Agreement is attached to this Form A as **Exhibit 2**.
- Prior to the closing of the Acquisition, OIC and PCCO will enter into an Administrative Services Agreement (the “**Services Agreement**”) whereby, subject to the terms and conditions of the Services Agreement, OIC will appoint PCCO as its

administrator for purposes of PCCO providing all services necessary, required, or appropriate to administer and run off the Reinsured Contracts. The Services Agreement is attached to this Form A as **Exhibit 3**.

- Prior to the closing of the Acquisition, Mutual of Omaha will transfer cash or cash equivalents to OIC in amounts necessary to increase and maintain the capital and surplus as regards policyholders of OIC to at least Twenty-One Million Dollars (\$21,000,000) and as close as reasonably possible thereto, but in any event not more than Twenty-One Million Five Hundred Thousand Dollars (\$21,500,000) as of each of December 31, 2017 and the Closing Date (as that term is defined in the SPA).
- In connection with the closing of the Acquisition, Mutual of Omaha will execute a Guaranty Agreement (the “**Guaranty**”) whereby, subject to the terms of the Guaranty, Mutual of Omaha will guarantee the payment and/or performance of PCCO’s obligations under the Reinsurance Agreement and the Services Agreement. The Guaranty is attached to this Form A as **Exhibit 4**.
- At the closing of the Acquisition, the Applicant will acquire all of the Common Stock, and the Applicant will thereby acquire control of OIC.
- As consideration for the Common Stock, and subject to the terms and conditions of the SPA, the Applicant will pay to Mutual of Omaha at the closing an aggregate cash purchase price of four million two hundred five thousand dollars (\$4,205,000.00), *plus* (i) the amount of capital and surplus as regards policyholders as of prior to the Closing, determined in accordance with the terms of the SPA, *minus* (ii) an amount equal to the aggregate value of certain excluded assets, as of prior to the Closing, determined in accordance with the terms of the SPA (the “**Purchase Price**”), as described more thoroughly in Item 4 below.
- The SPA contains representations and warranties by the parties, and imposes certain pre-closing covenants and post-closing indemnification obligations on the parties, in each case that are either customary for acquisitions of this nature or otherwise suitable for this particular Acquisition.
- The closing of the Acquisition is subject to closing conditions that are either customary for acquisitions of this nature or otherwise suitable for this particular Acquisition, including, without limitation, conditions relating to the receipt of regulatory approvals, accuracy at the closing date of certain representations and warranties made in the SPA, compliance with pre-closing covenants, the absence of any Material Adverse Change (as that term is defined in the SPA), and the delivery of certain closing documentation.
- It is anticipated that the closing of the Acquisition will occur no later than ten (10) business days following the day on which the last of the closing conditions are satisfied or waived, or on such other date as the Applicant and Mutual of Omaha may mutually agree in writing, but in no event earlier than January 1, 2018 or later than January 31, 2018; in each case subject to the satisfaction or waiver of all conditions

precedent set forth in the SPA, including the approval of this Form A by the Commissioner.

This statement is submitted for the purpose of obtaining the approval of the Commissioner pursuant to Section 611.72 of the Wisconsin Statutes and the applicable provisions of the Wisconsin Administrative Code.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) The Applicant

The name and address of the Applicant is as follows:

Hannover Finance, Inc.
200 South Orange Avenue
Suite 1900
Orlando, Florida 32801

(b) The Applicant's Business Operations

The Applicant is a Delaware corporation, and a wholly owned subsidiary of Hannover Ruck SE (“**Hannover Re**”). Other than Hannover Re, no person or persons possess any rights to control the business or operations of the Applicant. Hannover Re’s governance consists of an Executive and Supervisory Board. The Executive Board directs the day-to-day business operations of Hannover Re. The Supervisory Board appoints the Executive Board and exercises oversight functions.

The Applicant is a holding company that has no current active business other than managing its investment portfolio. In addition to the transaction described in this Form A, HFI is in negotiations to purchase Hannover Life Reassurance Company of America (Bermuda) LTD., a Bermuda Corporation, from Hannover Life Reassurance Company of America, a Florida Corporation and sister company of HFI. The purchase price for such transaction, which the parties hope to close by year end, is estimated to be approximately \$8 Million.

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 today has a network of more than 100 subsidiaries, branches and representative offices worldwide. The rating agencies most relevant to the insurance industry have awarded Hannover Re enviable insurer financial strength ratings: Standard & Poor’s AA-“Very Strong” and A.M. Best A+ “Superior”.

The reason for the acquisition is twofold. First, Hannover Re may, if changes in the business environment so warrant, begin to write some of its approximately \$3 billion in U.S. P&C reinsurance business through OIC. Hannover Re does not presently intend to

write its U.S. P&C reinsurance business through OIC and would do so only if the business environment changed. Second, Hannover Re perceives an opportunity to write specialty, admitted agency business in the United States.

Hannover Re, through Funis GMBH & Co. KG, wholly owns Glencar Underwriting Managers, Inc. (“**Glencar**”), a general agency located in Itasca, Illinois. Glencar has been producing specialty agency business in the U.S. since 2011, including \$137 million in gross written premium in 2016, and approximately \$150 million expected in 2017. Glencar’s business is split approximately 50/50 between surplus lines and admitted business, written on the paper of International Insurance Corporation of Hannover SE (“**Inter Hannover**”), a wholly-owned subsidiary of Hannover Re, and HDI Global Insurance Company (“**HDI**”), an affiliate of Hannover Re, respectively. Hannover Re assumes from Inter Hannover and HDI a substantial portion of the business written by those entities that is produced through Glencar.

Through its ownership of Glencar and its extensive network of reinsurance contacts, Hannover Re is intimately familiar with the U.S. reinsurance and insurance market, and is aware of opportunities to write direct, admitted agency business in the United States. Hannover Re has decided to use OIC to pursue these opportunities, with a plan to write approximately \$60 million of admitted gross premium annually by 2022.

Glencar would, pursuant to a definitive agency agreement and a definitive administrative services agreement with OIC, underwrite and produce the foregoing business for OIC, its sister company. This business would include a portion of the admitted business that Glencar currently produces on its existing 11 active programs for HDI. OIC would be careful not to compete with Hannover Re’s ceding company clients. OIC plans to cede to Hannover Re a 90% quota share participation on all of its business.

(c) Organization Chart

The chart attached hereto as **Exhibit 5** lists the present identities of, and inter-relationships among, the Applicant and all known affiliates of the Applicant. Such chart indicates the percentage of ownership interests, type of organization, and state or other jurisdiction of domicile of each person that is owned or controlled by the Applicant or by any such person. There are no court proceedings involving a reorganization or liquidation pending with respect to any such person.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

Identity of Officers, Directors and Owners

Following are the names and titles of the respective directors, executive officers and owners of the Applicant at the effective date of the Acquisition unless otherwise indicated:

HFI Directors

Name	Title
Roland Vogel	Chairman, Director
Clint Thompson	Director
Patrick Fee	Director

HFI Officers

Name	Title
Patrick Fee	President
Clint Thompson	Chief Financial Officer
Catherine Hood	Senior Vice President
Glen Martin	Treasurer/Secretary

Hannover Re Executive Board

Name	Title
Ulrich Wallin	Chairman, Chief Executive Officer, Director
Sven Althoff	Director
Claude Chevre	Director
Jurgan Graber	Director
Dr. Klaus Miller	Director
Dr. Michael Pickel	Director
Roland Vogel	Director

Biographical Affidavits and Authority for Release of Information

Biographical Affidavits and completed releases as required by the Commissioner are enclosed with this Form A under separate cover (**Exhibit 6**).

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

- (a) The Applicant will purchase OIC for the Purchase Price referenced in Item 1 above. The Purchase Price will be paid entirely in cash. The source of the funds for the purchase will be HFI's existing assets and additional funds provided by Hannover Re as needed. No part of the purchase price will be obtained through third-party financing.
- (b) The Purchase Price is a result of arms' length negotiations between the parties. The Applicant was represented by independent legal advisors, and Mutual of Omaha was represented by independent financial and legal advisors, in the negotiations between the parties.

ITEM 5. FUTURE PLANS OF INSURER

- The Applicant intends to cause the directors and officers of OIC to be replaced with the following persons:

OIC Directors

Name	Title
Michael Pickel	Director
Axel Freiboth	Director
Patrick Fee	Director
Mitch Luedtke	Director
Michael Paul	Director

OIC Officers

Name	Title
Patrick Fee	President
Catherine Hood	Chief Operating Officer & Secretary
Michael Paul	Chief Financial Officer & Treasurer

To the extent not provided in Item 3 above, Biographical Affidavits and completed releases as required by the Commissioner for the above-named persons are enclosed with this Form A under separate cover.

- The Applicant seeks to have OIC amend and restate its Articles of Incorporation and Bylaws effective as of the closing of the transaction. The proposed amended and restated Articles of Incorporation and Bylaws of OIC for which the Applicant seeks the Office's approval are attached hereto as **Exhibit 7** and **Exhibit 8** respectively. As detailed in the proposed amended and restated Articles of Incorporation, the Applicant seeks to change the name of OIC to Glencar Insurance Company.
- Except as described above or elsewhere in this Form A, or the Business Plan attached hereto as **Exhibit 9**, the Applicant has no current plans or proposals to cause OIC to declare an extraordinary dividend, to liquidate OIC, to sell any of OIC's assets, to merge OIC with any person or persons or to make any other material change in OIC's business operations, corporate structure or management.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

As a result of the Acquisition, the Applicant will acquire all of the issued and outstanding shares of the common stock of OIC, which will consist of 40,000 shares as of the date of closing. The terms and conditions of the Acquisition of the common stock of OIC are set forth in the SPA. The terms and conditions of the Acquisition were arrived at through arms' length negotiations between the Applicant and Mutual of Omaha.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Other than as set forth in the SPA, neither the Applicant nor any of its affiliates or any of the persons listed in Item 3 has a beneficial interest in, or the right to acquire a beneficial interest in, the voting securities of OIC.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

The SPA reflects the current agreement between Mutual of Omaha and HFI in relation to the Acquisition.

Except for the SPA there are no contracts, arrangements or understandings directly or indirectly related to any voting securities of OIC to which the Applicant, its affiliates, or any person listed in Item 3 is a party, including but not limited to: transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits or the giving or withholding of proxies.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

There have been no direct or indirect purchases of any voting securities of OIC by the Applicant, its affiliates or any person listed in Item 3 during the twelve calendar months preceding the filing of this Form A.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Except for the SPA, neither the Applicant, its affiliates or any person listed in Item 3, or to the knowledge of the Applicant, any other person based upon interviews or at the suggestion of the Applicant, its affiliates or any person listed in Item 3, has made any recommendations to others to acquire any shares of the voting securities of OIC during the twelve calendar months preceding the filing of this Form A.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

There are no agreements, contracts or understandings with any broker-dealer as to the solicitation of voting securities of OIC for tender.

ITEM 12. FINANCIAL STATEMENTS

Unaudited financial statements for the Applicant for the preceding five fiscal years, in addition to similar information covering the period from the end of the Applicant's last fiscal year are attached to this Form A as **Exhibit 10**, as noted below. The Applicant does not have audited financial statements; however, the Applicant is also providing Hannover Re's audited financial statements for the preceding five fiscal years, in addition to similar unaudited information covering the period from the end of Hannover Re's last fiscal year, all of which are attached to this Form A as **Exhibit 11**.

Financial Statements	Exhibit
HFI's Previous Five (5) Fiscal Years Financial Statements	10-A
HFI's Q2 2017 Financial Statement	10-B
Hannover Re's Previous Five (5) Fiscal Years Financial Statements	11-A
Hannover Re's Q2 2017 Financial Statement	11-B

Five-year financial projections for OIC are attached to this Form A as **Exhibit 10-C**.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

The Applicant agrees to provide, to the best of their knowledge and belief, the information required by Form F within fifteen days after the end of the month in which the acquisition of control occurs.

ITEM 15. SIGNATURE AND CERTIFICATION

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, Hannover Finance, Inc. has caused this application to be duly signed on its behalf in the city of Milwaukee and state of Wisconsin on this 20th day of October, 2017.

Hannover Finance, Inc.

Attest:

By: _____
Patrick Fee

Catherine F. Hood

Its: President _____

Senior Vice President _____

Certification

The undersigned deposes and says that (s)he has duly executed the attached application dated October 20, 2017, for and on behalf of Hannover Finance, Inc., and that (s)he is the President of such company and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

(Signature)

Patrick Fee

State of Wisconsin)
) ss
County of Milwaukee)

The foregoing instrument was acknowledged before me this 20th day of October, 2017.

(Signature)

Thomas R. Hrdlick

LIST OF EXHIBITS

- Exhibit 1:** Stock Purchase Agreement (without exhibits)
- Exhibit 2:** Reinsurance Agreement
- Exhibit 3:** Administrative Services Agreement
- Exhibit 4:** Guaranty Agreement
- Exhibit 5:** Organization Chart of Hannover Finance, Inc.
- Exhibit 6:** Biographical Affidavits and Authority for Release of Information [UNDER SEAL – CONFIDENTIAL]
- Exhibit 7:** Amended and Restated Articles of Incorporation
- Exhibit 8:** Amended and Restated Bylaws
- Exhibit 9:** Post-Acquisition Business Plan [UNDER SEAL – CONFIDENTIAL]
- Exhibit 10:** Financial Statements of the Applicant
- Exhibit 10-A* HFI's Previous Five (5) Fiscal Years Financial Statements
- Exhibit 10-B* HFI's Q2 2017 Financial Statement
- Exhibit 10-C* Five-Year Financial Projections for OIC [UNDER SEAL – CONFIDENTIAL]
- Exhibit 11:** Financial Statements of Hannover Re
- Exhibit 11-A* Hannover Re's Previous Five (5) Fiscal Years Financial Statements
- Exhibit 11-B* Hannover Re's Q2 2017 Financial Statement