

OFFICE OF THE COMMISSIONER OF INSURANCE (OCI)

STATE OF WISCONSIN

In the Matter of Glencar Insurance Company,

STIPULATION
AND ORDER

Case No. 17-CXXXXX

Respondent.

WHEREAS, Glencar Insurance Company (formerly known as The Omaha Indemnity Company"), 200 South Orange Avenue, Suite 1900, Orlando, Florida 32801 ("Glencar" 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 Hannover Finance, Inc., 200 South Orange Avenue, Suite 1900, Orlando, Florida 32801, a Delaware corporation ("HFI"), pursuant to s. 611.72, Wis. Stats., and s. Ins 40.02, Wis. Adm. Code, dated October 20, 2017, seeking approval from the Commissioner for a change of control of Glencar (the "Change in Control Plan"); and

WHEREAS, upon consummation of the Change in Control Plan, HFI will directly own and exercise control over 100% of the shares of Glencar; and

WHEREAS, Glencar does not intend to establish a home office in Wisconsin unless changes in the business environment in the United States would warrant a transition of ~~some or nearly all of Hannover Rück SE's approximately \$3 billion in property and casualty reinsurance business in the United States to~~ Glencar business to Glencar sufficient to drive a need for such an office; and

WHEREAS, Glencar intends to cede 90% of its direct business to its affiliate, Hannover Rück SE, and the direct premiums written are not expected to reach \$60 million until 2022; and

WHEREAS, given the anticipated 90% quota share with Hannover Rück SE and the relatively modest level of direct premiums written, the annual billings for examination charges for Glencar pursuant to s. Ins 16.01, Wis. Adm. Code, are anticipated to be materially inadequate relative to the actual cost of examining and performing financial analysis upon Glencar; and

WHEREAS, the OCI and the Respondent have agreed to certain terms and conditions in conjunction with the Commissioner's approval of the Change in Control Plan.

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

- (1) If Glencar has not established an office in Wisconsin as its main administrative office and primary location of its books and records by January 1, ~~2022~~2023, then the Respondents shall apply to redomicile Glencar to another state of the United States of its choosing such that the redomestication of Glencar can reasonably be expected to complete the redomestication prior to December 31, ~~2022~~2023.
- (2) If a financial examination of Glencar is conducted while Glencar remains a Wisconsin-domiciled insurer and, by the time of such examination, Glencar has not established an office in Wisconsin as its main administrative office and primary location of its books and records, Glencar agrees to be billed on a charge-back basis for the full reasonable cost of the examination, including actual salaries and expenses of the examination and other reasonably apportionable expenses, including the reasonable cost of any contractors actually participating on the examination. Notwithstanding this provision, Glencar will promptly pay its annual billing for the examination of domestic insurers for each year that it remains a Wisconsin domestic insurer pursuant to s. Ins 16.01, Wis. Adm. Code.

- (3) So long as Talanx AG continues to own a majority of the equity interests of Hannover Rück SE, the Respondent shall not enter into any contract of a type described in Wis. Admin. Code INS § 40.04(2) with Talanx AG, Haftpflichtverband der Deutschen Industrie V.a.G., or any of their respective affiliates, without the prior written consent of the OCI.
- (4) ~~(3)~~ The Respondent shall not waive any run off provision and shall not effectuate any cutoff of reinsurance in force pursuant to the terms of any reinsurance agreement with an affiliate without the prior written consent of the OCI.
- (5) ~~(4)~~ The Respondent shall file any voluntary agreement for the immediate termination of any reinsurance agreement with an affiliate with the OCI on Form D at least thirty (30) days prior to the proposed effective date. Any such termination may be disapproved under this Order or under ch. 617, Wis. Stat. If approval is granted by the Commissioner, the transaction may be implemented prior to the expiration of the thirty (30) days. No immediate termination may be executed or carried out if the OCI disapproves such termination.
- (6) ~~(5)~~ The Respondent agrees 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 the Respondent is involved in a future administrative or disciplinary action, this Stipulation may be considered. The Respondent acknowledges 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 Respondent reserves its rights to contest any other new orders of the Commissioner or any modifications to this Order.

Date

Patrick P. Fee, President
Glencar Insurance Company

Date

Amy J. Malm, 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:

- (7) ~~(6)~~ The Respondent shall comply with its agreements as recited in this Stipulation.
- (8) ~~(7)~~ This Order shall continue until modified or terminated by the OCI, with written notice to the Respondent.

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

Theodore K. Nickel
Commissioner of Insurance

Summary report:	
Litéra® Change-Pro TDC 10.1.0.300 Document comparison done on 11/17/2017 3:31:08 PM	
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Intelligent Table Comparison: Active	
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Modified filename: Glencar Stip Order 2017 (2).docx	
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Add	13
Delete	8
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	21