

In the Matter of the Acquisition of Control
of General Casualty Company of Wisconsin,
Blue Ridge Indemnity Company,
Blue Ridge Insurance Company,
MassWest Insurance Company, Inc.,
Regent Insurance Company,
Southern Guaranty Insurance Company,
Southern Pilot Insurance Company, and
Southern Fire & Casualty Company
(hereinafter Winterthur Wisconsin U.S. Holdings)
by QBE Insurance Group Limited
and QBE Holdings, Inc.

FINAL DECISION

Case No. 07-C30732

Petitioners.

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 Petitioners' request for approval of the plan for the acquisition of control is approved. It is further ordered that:

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.

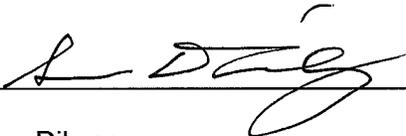
Any person aggrieved by this Final Decision has a right to petition for judicial review of this Final Decision as provided in s. 227.53, Wis. Stat. The petition must be filed in circuit court within 30 days after service of this Final Decision if there has been no petition for rehearing, or within 30 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 21 day of May, 2007.



Sean Dilweg
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

(1) 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. . . .

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Southern Fire & Casualty Company
(hereinafter Winterthur Wisconsin U.S. Holdings)
by QBE Insurance Group Limited
and QBE Holdings, Inc.

PROPOSED DECISION

Case No. 07-C30732

Petitioners.

Roger A. Peterson, Hearing Examiner, Presiding

APPEARANCES

For the Office of the
Commissioner of Insurance:

Present in person

Timothy J. Vande Hey
Insurance Financial Examiner - Advanced
125 South Webster Street
Madison, Wisconsin 53703

For the Petitioner:

Present in Person

Joe Decker
Corporate Counsel
Winterthur U.S. Holdings

Present by telephone

Peter T. Maloney
Senior Vice President, Corporate Counsel and
Corporate Secretary
QBE Holdings, Inc.

Timothy Kenny
President and CEO
QBE Holdings, Inc.

Charles R. Welsh
Partner
Edwards Angell Palmer & Dodge LLP

PRELIMINARY

Pursuant to a Notice of Hearing dated May 3, 2007, a hearing was held at 2:40 p.m. on May 17, 2007, to determine whether the Petitioners' 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) QBE Insurance Group Limited, Level 2, 82 Pitt Street, Sydney, N.S.W. 2000, a publicly traded corporation, along with QBE Holdings, Inc. 1209 Orange Street, Wilmington, Delaware 19801, a Delaware domiciled holding company (The Petitioners).

(2) Winterthur Wisconsin U.S. Holdings are all Wisconsin domiciled stock insurance companies with principal executive offices at 1 General Drive, Sun Prairie, Wisconsin

(3) The Petitioners filed with the Office of the Commissioner of Insurance (Commissioner) an application for approval of the acquisition of control of Winterthur Wisconsin U.S. Holdings (plan).

(4) The Petitioners were served with a Notice of Hearing.

(5) The Petitioners 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 interest of the insureds of any member of Winterthur Wisconsin U.S. Holdings or of the Wisconsin insureds of any participating nondomestic corporation.

(7) After the acquisition of control, all members of Winterthur Wisconsin U.S. Holdings 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 the Petitioners is not likely to jeopardize the financial stability of any member of Winterthur Wisconsin U.S. Holdings or to prejudice the interests of any Wisconsin policyholders.

(10) The plan results in a change in control for Winterthur Wisconsin U.S. Holdings. The Applicants have no present plan or proposals for any of the Domestic Insurers to declare an extraordinary dividend, to liquidate any of the Domestic insurers, to sell their assets (other than in the ordinary course of business or merge any of them with any person or persons or to make any other changes in the business operations or corporate structure of any of the Domestic Insurers. Following the acquisition, management of the Domestic Insurers will consist of certain current officers and directors of the Domestic Insurers together with certain current officers and directors from QBE Reinsurance Corporation and its affiliated U.S. insurance subsidiaries.

(11) The competence and integrity of the persons who would control the operation of Winterthur Wisconsin U.S. Holdings are such that it is in the interest of their respective policyholders and of the public to permit the proposed plan.

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 Petitioners' request for approval of the plan for acquisition of control should be approved.

Dated at Madison, Wisconsin, this 17th day of May, 2007.



Roger A. Peterson
Hearing Examiner