

In the Matter of the Acquisition of Control of
Southern Guaranty Insurance Company

FINAL DECISION

by

Premier Servicing, LLC

Case No. 16-C41485

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 Petitioner 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:

- a) Within ten (10) days of closing of the acquisition, the Applicant or Southern Guaranty Insurance Company shall provide to OCI the final executed closing documents and the final executed copies of all related agreements. In the event the closing does not occur, the Applicant shall notify OCI within three (3) business days.
- b) Southern Guaranty Insurance Company shall comply with the following conditions prior to issuing policies of insurance:
 1. Southern Guaranty Insurance Company will receive a capital contribution bringing its capital and surplus to at least \$34,000,000 (thirty four million dollars) within 60 days of the approval of the acquisition of control of Southern Guaranty Insurance Company by Premier Servicing, LLC; and
 2. Southern Guaranty Insurance Company will submit a Form D – Prior Notice of a Transaction with respect to an administrative services agreement with Premier Administrative Solutions for the Commissioner's consideration pursuant to s. 617.21, Wis. Stat.
- c) Southern Guaranty Insurance Company agrees to file an amended business plan prior to engaging in liability lines of business including, but not limited to, medical malpractice and cyber liability.

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 17th day of February, 2017.



Theodore K. Nickel
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. . .

In the Matter of the Acquisition of Control
of Southern Guaranty Insurance Company

PROPOSED DECISION

by Premier Servicing, LLC

Case No. 16-C41485

Petitioner

Amy Malm, Hearing Examiner, Presiding

APPEARANCESFor the Office of the
Commissioner of Insurance:

Present in person
Richard Hinkel, Chief, Bureau of Financial Analysis
and Examinations
125 South Webster Street
Madison, Wisconsin 53703

For the Petitioner:

Present in person
Lane Kent
Premier Servicing, LLC.
13600 ICOT Boulevard, Building A
Clearwater, Florida 33760

William J. Toman, Attorney
John A. Blimling, Attorney
Quarles & Brady LLP
33 East Main Street, Suite 900
Madison, Wisconsin 53703

For the Wisconsin
Insurer and the Seller:

Present in person
Jennifer J. Vernon, Senior Vice President & General
Counsel
QBE Americas
1 General Dr.
Sun Prairie, Wisconsin 53596-0001

PRELIMINARY

Pursuant to a Notice of Hearing dated February 7, 2017, a hearing was held at 9:00 a.m. on February 17, 2017, 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) Premier Servicing, LLC (the "Petitioner"), located at 13600 ICOT Boulevard, Building A, Clearwater, Florida, 33760, is a privately held Delaware Limited Liability Company.

(2) Southern Guaranty Insurance Company, located at One General Drive, Sun Prairie, Wisconsin, 53596, is a Wisconsin domestic stock insurance company.

(3) The Petitioner filed with the Office of the Commissioner of Insurance (Commissioner) an application for approval of the acquisition of control of Southern Guaranty Insurance Company (the "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 interest of the insureds of Southern Guaranty Insurance Company or of the Wisconsin insureds of any participating nondomestic corporation.

(7) After the acquisition of control, Southern Guaranty Insurance 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 the Petitioner is not likely to jeopardize the financial stability of Southern Guaranty Insurance Company or to prejudice the interests of its Wisconsin policyholders.

(10) There are no plans or proposals to request an extraordinary dividend, to liquidate Southern Guaranty Insurance Company, to sell its assets, or to consolidate or merge it with any person. The Petitioner's plans, after acquiring the voting shares, as described by the Petitioner, are fair and reasonable to the policyholders of Southern Guaranty Insurance Company and in the public interest.

(11) The competence and integrity of the persons who will control the operation of Southern Guaranty 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. It should be further ordered that:

- a) Within ten (10) days of closing of the acquisition, the Applicant or Southern Guaranty Insurance Company shall provide to OCI the final executed closing documents and the final executed copies of all related agreements. In the event the closing does not occur, the Applicant shall notify OCI within three (3) business days.
- b) Southern Guaranty Insurance Company shall comply with the following conditions prior to issuing policies of insurance:
 1. Southern Guaranty Insurance Company will receive a capital contribution bringing its capital and surplus to at least \$34,000,000 (thirty four million dollars) within 60 days of the approval of the acquisition of control of Southern Guaranty Insurance Company by Premier Servicing, LLC; and
 2. Southern Guaranty Insurance Company will submit a Form D – Prior Notice of a Transaction with respect to an administrative services agreement with Premier Administrative Solutions for the Commissioner's consideration pursuant to s. 617.21, Wis. Stat.
- c) Southern Guaranty Insurance Company agrees to file an amended business plan prior to engaging in liability lines of business including, but not limited to, medical malpractice and cyber liability.

Dated at Madison, Wisconsin, this 17th day of February, 2017.



Amy J. Malm
Hearing Examiner