



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tony Evers, Governor
Mark V. Afable, Commissioner

Wisconsin.gov

February 7, 2019

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Madison, Wisconsin 53707-7873
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CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ms. Noreen J. Parrett
Parrett & O'Connell, LLP
10 East Doty Street, Suite 615
Madison, Wisconsin 53703

Re: Case No. 19-C42958 – In the Matter of the Acquisition of Control of National Insurance Company of Wisconsin, Inc. by Wilmington Holdings Corporation and Merger of Wilmington Insurance Company with and into National Insurance Company of Wisconsin, Inc. by Wilmington Holdings Corporation and Wilmington Insurance Company

Dear Ms. Parrett:

Enclosed is a copy of the Proposed Decision, including findings of fact and conclusions of law.

In accordance with s. 227.46 (2), Wis. Stat., the Commissioner of Insurance is providing an opportunity for you to submit any written objections and arguments that you may have regarding the Proposed Decision, findings of fact, or conclusions of law. Each objection and argument should be brief and include the reasons and authorities for it. If you wish to make objections and arguments, send them in writing to Mark V. Afable, Commissioner of Insurance, State of Wisconsin, P. O. Box 7873, Madison, Wisconsin 53707-7873, within 30 days after the date of this letter.

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

If you have any questions concerning any of the foregoing, you may contact me at (608) 267-4388.

Sincerely,

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

Enclosure

cc: David N. Gearhart (via e-mail only)
Jed A. Roher (via e-mail only)
David M. Norton (via e-mail only)
Kathryn Westfall (via e-mail only)

In the Matter of Acquisition of Control of National Insurance
Company of Wisconsin, Inc. by Wilmington Holdings Corporation
and Merger of Wilmington Insurance Company with and into
National Insurance Company of Wisconsin, Inc. by Wilmington
Holdings Corporation and Wilmington Insurance Company,

PROPOSED DECISION

Case No. 19-C42958

Petitioners.

Amy J. Malm, Hearing Examiner, Presiding

APPEARANCES

For the Office of the
Commissioner of Insurance: Michael Mancusi-Ungaro
Steven J. Junior
125 South Webster Street
Madison, Wisconsin 53703

For the Petitioners:

In person

Noreen J. Parrett
Parrett & O'Connell, LLP
10 East Doty Street, Suite 615
Madison, Wisconsin 53703\

Jed A. Roher
Godfrey & Kahn, S.C.
One East Main Street, Suite 500
Madison, Wisconsin 53703-3300

By telephone

David N. Gearhart
Chairman and Chief Executive Officer
Wilmington Holdings Corporation
1403 Silverside Road, Suite 3B
Wilmington, Delaware 19810

For the Seller:

By telephone

David M. Norton
National Services, Inc.
250 South Executive Drive, Suite 300
Brookfield, Wisconsin 53005

Kathryn Westfall
Reinhart Boerner Van Duren, S.C.
1000 North Water Street, Suite 1700
Milwaukee, WI 53202

PRELIMINARY

Pursuant to a Notice of Hearing dated January 28, 2019, a hearing was held at 11:04 a.m. on February 7, 2019, to determine whether the Petitioners' application for approval of the plan for acquisition of control and merger should be granted. Based on the record, the Hearing Examiner makes the following:

PROPOSED FINDINGS OF FACT

- (1) National Insurance Company of Wisconsin, Inc. is a Wisconsin domestic insurance corporation.
- (2) Wilmington Holdings Corporation and Wilmington Insurance Company (together, the "Petitioners") are both Delaware corporations.
- (3) The Petitioners filed with the Office of the Commissioner of Insurance (the "OCI") an application for approval of the acquisition of control of National Insurance Company of Wisconsin, Inc. by Wilmington Holdings Corporation and the merger of Wilmington Insurance Company with and into National Insurance Company of Wisconsin, Inc. (the "Plan for Acquisition of Control and Merger").
- (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 for Acquisition of Control and Merger will not violate the law or be contrary to the interest of the insureds of National Insurance Company of Wisconsin, Inc. or Wilmington Insurance Company.
- (7) After consummation of Plan for Acquisition of Control and Merger, National Insurance Company of Wisconsin, Inc. 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 consummation of the Plan for Acquisition of Control and Merger 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, Wilmington Holdings Corporation and Wilmington Insurance Company, are not likely to jeopardize the financial stability of National Insurance Company of Wisconsin, Inc. or to prejudice the interests of its Wisconsin policyholders.
- (10) There are no plans or proposals to liquidate the domestic stock insurance corporation, National Insurance Company of Wisconsin, Inc., or sell its assets, or to consolidate or merge it with any person or make any other material change in its business or corporate structure or management other than as described in the Plan for Acquisition of Control and Merger.
- (11) The competence and integrity of the persons who will control the operation of the domestic stock insurance corporation, National Insurance Company of Wisconsin, Inc., are such that it will be in the interest of the policyholders and the public to permit the Plan for Acquisition of Control and Merger.

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

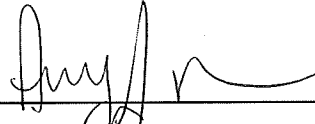
NOW, THEREFORE, based upon the findings of fact and conclusion of law, I hereby recommend that:

(13) The Petitioners' request for approval of the Plan for Acquisition of Control and Merger should be approved, subject to the following conditions subsequent:

- a. The payment by National Insurance Company of Wisconsin, Inc. of an extraordinary dividend in the amount of \$5,500,000 to National Services, Inc. immediately prior to the consummation of the Plan for Acquisition of Control and Merger is hereby approved. National Insurance Company of Wisconsin, Inc. shall provide the OCI with written notice of the amount and payment date of this extraordinary dividend within three (3) business days of the actual payment. Should the Plan for Acquisition of Control and Merger not be consummated, the entire amount of this dividend must be repaid to National Insurance Company of Wisconsin, Inc. within three (3) business days following termination of the Plan for Acquisition of Control and Merger.
- b. Amended and Restated Articles of Incorporation and Amended and Restated Bylaws, which change the name of National Insurance Company of Wisconsin, Inc. to Wilmington Insurance Company, shall be filed within ten (10) calendar days of the consummation of the Plan for Acquisition of Control and Merger.
- c. The redomestication of National Insurance Company of Wisconsin, Inc., renamed Wilmington Insurance Company, from Wisconsin to Delaware is hereby approved. The redomestication shall be recorded in Wisconsin as of the effective date in Delaware upon (i) receipt of a copy of the Delaware Department of Insurance's approval of the redomestication certified by the corporation's Secretary or Assistant Secretary; (ii) receipt of amended and restated articles of incorporation, reflecting the redomestication as recorded by Delaware, certified by the corporation's Secretary or Assistant Secretary; and (iii) receipt of amended and restated bylaws, reflecting the redomestication as recorded by Delaware, certified by the corporation's Secretary or Assistant Secretary.
- d. Upon the recording of the redomestication of National Insurance Company of Wisconsin, Inc., renamed Wilmington Insurance Company, to Delaware, the OCI shall issue a nondomestic certificate of authority, as of the effective date of the redomestication in Delaware, which includes

all the lines of authority that the corporation has upon the effective date of the Final Decision.

Dated at Madison, Wisconsin, this 7th day of February, 2019.

A handwritten signature in black ink, appearing to read "Amy J. Malm", is written over a horizontal line.

Amy J. Malm
Hearing Examiner