

FORM A

**STATEMENT REGARDING THE
ACQUISITION OF CONTROL OF A DOMESTIC INSURER**

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

**NATIONAL FARMERS UNION PROPERTY AND CASUALTY COMPANY
(the Domestic Insurer)**

BY

**INTEGON NATIONAL INSURANCE COMPANY
5630 University Parkway
Winston-Salem, NC 27105
(the Applicant)**

Date: December 5, 2018

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

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This Statement Regarding the Acquisition of Control on Form A (this “Statement” or “Form A”) seeks the prior approval of the Wisconsin Office of the Commissioner of Insurance (the “Office” or “OCI”) pursuant to Wis. Adm. Code § Ins 40.02 for the acquisition of control of the Domestic Insurer by the Applicant.

Please note that **Exhibit A** and **Exhibits E-1** and **E-2** to the Form A (the “Confidential Information”) contain proprietary and confidential information. Pursuant to Wis. Admin. Code § Ins 40.05, the Confidential Information is required under Wis. Stat. § 601.42. Therefore, the Office may withhold this information from public disclosure under Wis. Stat. § 601.465(1m)(a). Moreover, because the Confidential Information is not public, it is presumed under Wis. Stat. § 601.465(1n)(a), notwithstanding the public records law, that it is proprietary and confidential and that the potential for harm and competitive disadvantage if it is made public by your Office outweighs the public interest in the disclosure of the information.

The Confidential Information also includes “trade secrets” as defined under Wis. Stat. § 134.90(1)(c) because it “derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use [and] is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.” As you know, a trade secret is exempt from the public records law under Wis. Stat. § 19.36(5) and Wis. Admin. Code § Ins 6.13(2).

Finally, the public value of the personal information in biographical affidavits is outweighed by the privacy interests of persons submitting these affidavits, and by the public interest in encouraging qualified people to serve in these capacities, *see* the Wisconsin Attorney General's November 2015 *Wisconsin Public Records Law Compliance Guide*, pp. 35-36, and, in particular, home information and the social security number of an employee provided by an employer are exempt from the public records law. *Id.* at p. 22, *citing* Wis. Stat. § 19.36(10)(a). Accordingly, the biographical affidavits included in **Exhibit D** are being submitted under separate cover with a request for confidential treatment.

The Applicant requests that it be notified in advance if any person requests access to **Exhibit A**, **Exhibit D** or **Exhibits E-1** and **E-2** so that it has the opportunity to prevent or limit any disclosure. To the extent that the OCI intends to make this Form A statement accessible to the public by publishing the Form A and accompanying exhibits on the OCI's website, the Applicant respectfully requests the ability to redact confidential portions of Exhibit A before the publication of this Form A.

ITEM 1. INSURER AND METHOD OF ACQUISITION

(a) The Domestic Insurer

This Statement relates to the acquisition of control (the “Acquisition”) by Integon National Insurance Company, a North Carolina corporation (“Integon” or the “Applicant”), of the voting securities of National Farmers Union Property and Casualty Company, a Wisconsin domestic insurance company (“NFU” or the “Domestic Insurer”). The name and statutory home office address of the Domestic Insurer is as follows:

NATIONAL FARMERS UNION PROPERTY AND CASUALTY COMPANY
1 General Drive
Sun Prairie, Wisconsin 53596

(b) Method of Acquisition

On November 13, 2018, Integon National Insurance Company, as Buyer, entered into a Stock Purchase Agreement (the “Purchase Agreement”) with General Casualty Company of Wisconsin, a Wisconsin domestic stock insurance company (“Seller” or “General Casualty”), pursuant to which, subject to the satisfaction or waiver of the conditions set forth in the Purchase Agreement, Applicant agreed to purchase from Seller and Seller agreed to sell to Integon, 4,200,000 shares of common stock, par value \$1.00 per share (“Shares”) of the Domestic Insurer (the “Transaction”), which Shares constitute all of the issued and outstanding shares of the Domestic Insurer’s capital stock. A true and correct copy of the Purchase Agreement is attached hereto as Exhibit A and is hereby incorporated into this Form A by this reference. Since portions of Exhibit A contain confidential and proprietary information, the Applicant requests confidential treatment of Exhibit A; to the extent that the OCI intends to make Exhibit A available to the public, the Applicant respectfully requests the opportunity to redact all confidential portions of the Purchase Agreement in Exhibit A prior to public disclosure.

The estimated purchase price for the Transaction is equal to the Domestic Insurer’s statutory surplus at closing, minus \$5.5 million. This amount is expected to be approximately \$43.0 million. See Exhibit A, Section 2.6.

The proposed method of acquisition and the terms of the Purchase Agreement are discussed in more detail in Item 4 below.

The consummation of the Transaction and related transactions are subject to customary closing conditions, including receipt of Form A approval of the Acquisition pursuant to Wis. Adm. Code § Ins 40.02. Concurrent with the filing of this Form A, the parties have submitted for the OCI’s consideration and non-disapproval the proposed agreements the Domestic Insurer will enter into with Applicant and certain of its affiliates effective as of the closing of the Transaction.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) Name and Address

The full name and statutory home office address of the party seeking to acquire control over the Domestic Insurer:

INTEGON NATIONAL INSURANCE COMPANY (“Integon” or the “Applicant”)
5630 University Parkway
Winston-Salem, NC 27105.

(b) Applicant’s Business Operations

Integon, a North Carolina domiciled stock insurance company, is a wholly-owned direct subsidiary of National General Management Corp. (“NGMC”), a Delaware corporation. NGMC is a wholly-owned direct subsidiary of National General Holdings Corp. (“NGHC”), a Delaware corporation. NGHC’s common stock is listed on NASDAQ under the ticker symbol “NGHC” with a market capitalization of approximately \$3.0 billion. NGHC’s principal executive office address is: 59 Maiden Lane, 38th Floor, New York, New York 10038.

NGHC is a specialty personal lines insurance holding company. Through its twenty-one (21) regulated insurance company subsidiaries, including Integon, which comprise the National General Insurance group (“National General”), the company is a leading provider of personal and commercial automobile, homeowners, umbrella, recreational vehicle, motorcycle, supplemental health and other niche insurance products. National General sells insurance products with a focus on underwriting profitability through a combination of its customized and predictive analytics and its technology driven low cost infrastructure. National General operates in two segments: its Property & Casualty segment and its Accident & Health segment. The Property & Casualty segment offers its products through a network of over 30,000 independent agents, a number of affinity partners and through direct-response marketing programs and retail storefronts.

NGHC has significant operational centers in Winston-Salem, North Carolina; Cleveland, Ohio; Milwaukee, Wisconsin; Irvine, California; Mesa, Arizona; Ontario, California; and Nashville, Tennessee. National General currently has approximately 8,100 full-time employees, with approximately 175 employees based in Wisconsin. The NGHC insurance subsidiaries have an “A-” (Excellent) rating by A.M. Best Company, Inc. (“AM Best”).

For the year ended December 31, 2017, NGHC insurers had gross written premiums of approximately \$4.38 billion and net written premiums of approximately \$3.4 billion. As of September 30, 2018, NGHC had total assets of approximately \$8.7 billion and total stockholders’ equity of approximately \$2.06 billion.

As of September 30, 2018, Integon had surplus of approximately \$1.05 billion and total assets of approximately \$4.4 billion.

As National General's largest insurer, Integon is the lead insurance company of the National General group, known as NAIC Group Code 4928, the National General Grp, with the North Carolina Department of Insurance serving as the lead insurance regulator. All property and casualty companies in the National General group cede 100% of their premium and losses to Integon.

Attached as Exhibit B-1 are the audited annual financial statements of Integon for the years 2013-2017. Attached as Exhibit B-2 are the unaudited quarterly financial statements of Integon for the period ended September 30, 2018.

Attached as Exhibit B-3 are the audited financial statements of NGHC for the years 2013-2017. Attached as Exhibit B-4 are the unaudited quarterly financial statements of NGHC for the period ended September 30, 2018.

(c) Organizational Chart

Attached hereto as Exhibit C is a chart detailing the identities of, and interrelationships (including the percentage of voting securities) among the Applicant, its subsidiaries and affiliates, and all persons known to control the Applicant. The chart also lists, as to each person specified in the chart, the type of organization or entity and its jurisdiction of domicile. There are no court proceedings involving a reorganization or liquidation pending with respect to any entity listed on Exhibit C.

Ultimate Controlling Person:

Leah Karfunkel, the Michael Karfunkel Family 2005 Trust and the Leah Karfunkel 2016-NG GRAT

As of November 19, 2018, Leah Karfunkel, individually, and as Trustee of the Michael Karfunkel 2005 Family Trust ("Family Trust") and the Leah Karfunkel 2016-NG GRAT, is the beneficial owner of approximately 40.4% of the outstanding shares of NGHC common stock. Leah Karfunkel is a private investor and the wife of the late Michael Karfunkel, NGHC's founder and former chairman and chief executive officer. Mrs. Karfunkel has served in various positions for community and charitable organizations, and is currently on the Board of Directors of AmTrust Financial Services, Inc. and the Board of Trustees of Touro College. Her business address is c/o 59 Maiden Lane, 38th Floor, New York, NY, 10038. She has not been convicted of any crimes, other than traffic violations, not involving death or injury, during the past 10 years.

No other person or group owns 10% or more of any class of voting securities of NGHC.

Currently, the ultimate controlling person of Integon and the other NGHC insurers for Form B filing purposes is Leah Karfunkel. Upon the closing of the acquisition, the ultimate controlling person of the Domestic Insurer will be Leah Karfunkel consistent with the ultimate controlling person of the other NGHC insurers.

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

(a) Name and Business Address

Identity of Officers, Directors and Owners

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

Integon Directors:

Name	Title
Barry S. Karfunkel	Director
Michael H. Weiner	Director
Jeffrey A. Weissmann	Director

Integon Officers:

Name	Title
Barry S. Karfunkel	President
Michael H. Weiner	Chief Financial Officer
Jeffrey A. Weissmann	General Counsel and Secretary
Donald J. Bolar	Vice President & Chief Accounting Officer
Brenda Castellano	Vice President
George H. Hall, Jr.	Vice President & Chief Claims Officer
Peter A. Rendall	Treasurer
Brad M. Schock	Vice President, Tax

More than 10% owners of Integon:

Name	Ownership Interest
National General Management Corp. ("NGMC")	100% of Integon's voting stock is held by NGMC, a Delaware corporation. 100% of NGMC's voting stock is owned by NGHC.

NGHC Directors:

Name	Title
Barry S. Karfunkel	Co-Chairman of the Board
Robert M. Karfunkel	Co-Chairman of the Board
Donald DeCarlo	Director
Patrick Fallon	Director
Barbara Paris	Director
John Marshaleck	Director
John "Jay" Nichols	Director
Barry Zyskind	Director

NGHC Officers:

Name	Title
Barry S. Karfunkel	Chief Executive Officer
Robert M. Karfunkel	President
Michael H. Weiner	Executive Vice President, Chief Financial Officer
Lawrence Moloney	Senior Vice President, Chief Accounting Officer
Peter A. Rendall	Executive Vice President, Chief Operating Officer
Jeffrey A. Weissmann	Executive Vice President, General Counsel and Secretary

NGHC Ownership as of 11/19/2018

Name	Ownership Interest
Leah Karfunkel	Leah Karfunkel, individually, and as Trustee of the Michael Karfunkel 2005 Family Trust ("Family Trust") and the Leah Karfunkel 2016-NG GRAT, is the beneficial owner of approximately 40.4% of the outstanding shares of NGHC common stock.

No other person, group or entity owns 10% or more of the voting securities of NGHC.

Biographical Affidavits and Authority for Release of Information

Biographical Affidavits and completed releases for the directors, officers and owners as required by the Commissioner are enclosed with this Form A under separate cover.

For all of the foregoing individuals, the principal business address is 59 Maiden Lane, 38th Floor, New York, NY 10038, unless otherwise specified in such individual's Biographical Affidavit.

(b) Present Activity

The present principal business activity, occupation or employment, including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on, for the individuals listed above are stated in the biographical affidavits for such individuals that are incorporated herein or are included with this Statement as **Exhibit D**. The Applicant requests that the OCI keep Exhibit D confidential and is submitting it to the OCI under separate cover.

(c) Employment History

The material occupations, positions, offices or employment during the last five years, including the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on, for the individuals listed above are stated in the biographical affidavits for such individuals which are being filed with the OCI. Upon information and belief, and except as may be set forth in the biographical affidavits, no such occupation, position, office or employment listed in the biographical affidavits required licensing by, or registration with, any Federal, state or municipal governmental agency, and there was no surrender, revocation, suspension or disciplinary proceedings in connection with any such license or registration whether pending or concluded.

(d) Criminal Proceedings

Upon information and belief, no person listed above has been convicted in a criminal proceeding (excluding traffic violations not involving death or injury) during the last ten (10) years.

ITEM 4. NATURE, SOURCE, AND AMOUNT OF CONSIDERATION

(a) Nature, Source, and Amount of Consideration for the Acquisition

The estimated purchase price for the Transaction is equal to the Domestic Insurer's statutory surplus at closing, following the commutation and unwinding of all of its current intercompany arrangements with other QBE affiliates, minus \$5.5 million. This amount is expected to be approximately \$43.0 million, subject to customary post-closing adjustments as more fully described in the Purchase Agreement. The purchase price will be paid in cash by Integon and is not subject to any financing contingency.

The closing of the proposed Acquisition is subject to closing conditions that are customary for acquisitions of this nature, including, without limitation, conditions relating to the receipt of regulatory and corporate approvals, and the delivery of certain customary closing deliverables.

(b) Criteria to Determine the Nature and Amount of Consideration:

The nature and amount of the consideration was determined through arm's length negotiation among the parties following a competitive process carried on by investment bankers for General Casualty. The Transaction was approved for each of the Applicant and General Casualty by its respective board of directors.

ITEM 5. FUTURE PLANS FOR THE INSURER

Post-Closing Transactions – Future Plans for the Insurer:

Except as otherwise provided in this Statement, the Applicant has no plan or proposal to affect or cause the liquidation or merger of the Domestic Insurer, sell the Domestic Insurer's assets, or make or cause any other material change in the Domestic Insurer's business operations or corporate structure or management. The Applicant's proposed Plan of Operations for the Domestic Insurer is attached hereto as **Exhibit E-1**.

(a) Agreements with Affiliates

- (i.) ***Intercompany Reinsurance Agreement.*** NGHC's property and casualty insurance subsidiaries cede all premium and losses to Integon, as reinsurer, under the terms of a 100% quota share reinsurance agreement (the "Intercompany Reinsurance Agreement"). We believe the Intercompany Reinsurance Agreement adds substantial efficiency to the group from a capital and accounting perspective by having all premium and losses ceded to one lead company on a 100% quota share basis. It is contemplated that immediately following the closing, the Domestic Insurer will become a party to that certain Intercompany Reinsurance Agreement with Integon, as lead company of the group and reinsurer. Pursuant to the terms of the Intercompany Reinsurance Agreement, the Domestic Insurer will cede 100% of its insurance business to Integon, and thereby retain no net written premiums or losses. Accordingly, because all net liability under NFU's insurance business will be ceded to Integon under the terms of the foregoing Intercompany Reinsurance Agreement, NFU's capital needs will be substantially less. The Intercompany Reinsurance Agreement is attached hereto as **Exhibit G-1**. The Applicant hereby requests the OCI's non-disapproval of the Intercompany Reinsurance Agreement concurrent with the requested approval of the Form A.
- (ii.) ***Declaration and Payment of Extraordinary Dividend.*** The financial projections for the Domestic Insurer (attached hereto as **Exhibit E-2**) reflect an extraordinary dividend in the amount of \$25 million to be paid immediately following the closing for which we are also requesting approval, subject to the OCI's non-disapproval of the Intercompany Reinsurance Agreement. As noted above, the Domestic Insurer's capital needs will be substantially lessened upon joining the Intercompany

Reinsurance Agreement described above. Pursuant to Wis. Admin. Code § Ins 40.18, the Applicant hereby submits a report of extraordinary dividend on behalf of the Domestic Insurer attached hereto as **Exhibit G-2**. The Applicant hereby requests that the OCI permit the extraordinary dividend by the Domestic Insurer concurrent with the requested approval of the Form A.

- (iii.) **Tax Allocation Agreement.** Once NFU becomes a wholly-owned direct subsidiary of Integon and a wholly-owned indirect subsidiary of NGHC, the Domestic Insurer will be part of the larger consolidated tax filing group comprised of NGHC and its subsidiaries. NGHC files a consolidated tax return on behalf of its subsidiaries which are part of a consolidated tax filing group. It is contemplated that immediately following the closing, the Domestic Insurer will become a party to that certain Tax Allocation Agreement with other members of National General, including Integon, and NGHC (the “Tax Allocation Agreement”). The Tax Allocation Agreement is attached hereto as **Exhibit G-3**. The Applicant hereby requests the OCI’s non-disapproval of the Tax Allocation Agreement concurrent with the requested approval of the Form A.
- (iv.) **Management Services Agreement.** Pursuant to the terms of a Management Services Agreement (“Management Agreement”), Management Corp., as Administrator, provides claims, finance, accounting, information technology and all other administrative functions for certain members of the NGHC Group. The Management Agreement provides for the ability to allocate costs and expenses to each NGHC affiliate that is party to the Management Agreement managed by Management Corp., without markup. It is contemplated that immediately following the closing, the Domestic Insurer will enter into the Management Agreement with Management Corp. and other members of the NGHC Group to enable it to receive certain shared services from Management Corp. The Management Agreement is attached hereto as **Exhibit G-4**. The Applicant hereby requests the OCI’s non-disapproval of the Management Services Agreement concurrent with the requested approval of the Form A.

In addition to requesting approval of the Acquisition, Applicant requests that the submission of the affiliate agreements described in this Item 5 and/or Item 12 of the Form A substitute for any Form D filings that might otherwise be required by the Domestic Insurer under Wis. Stat. § 617.21(2) and Wis. Admin. Code § Ins 40.04, and that OCI permit them with the requested approval of the Form A. Non-disapproval of the Tax Allocation Agreement, Management Services Agreement, Intercompany Reinsurance Agreement and extraordinary dividend is requested contemporaneous with the requested approval of the Acquisition that is subject of this Statement.

(b) Changes in Business Operations

The Applicant does not anticipate any significant changes to the manner in which the Domestic Insurer conducts its business operations, except as otherwise indicated in this Statement. Certain administrative functions currently being conducted by the Domestic Insurer or its parent company, General Casualty, or QBE affiliates, will be integrated into the Applicant's operations. Following the closing, all of the Domestic Insurer's policies will remain policies issued and backed by the Domestic Insurer and the Domestic Insurer's policyholders will continue to enjoy all contractual coverage-related rights under their respective NFU insurance contracts. The Acquisition will not result in any change in existing coverage or services provided to current policyholders of the Domestic Insurer.

Pre-Closing Transactions – Termination of Certain Arrangements, Commutation of Intercompany Reinsurance Agreements:

On or prior to the closing of the Acquisition, the intercompany agreements and arrangements between the Domestic Insurer and Seller and/or its affiliates, including its existing management agreements and intercompany reinsurance agreements, as set forth in Schedules 5.6(a) and (c) to the Purchase Agreement, will be terminated or amended. All intercompany loans, notes and advances regardless of their maturity and all intercompany receivables and payables for any amounts due involving the Domestic Insurer and any of its pre-closing affiliates, including Seller, will be settled, discharged, offset, paid, terminated and/or extinguished. No later than the closing of the Transaction, the Domestic Insurer and each applicable intercompany reinsurance agreement counterparty will have fully and finally settled and commuted their respective obligations and liabilities under each of the intercompany reinsurance agreements pursuant to the terms of a master commutation agreement. Prior to the closing of the Acquisition, NFU and NAU Country Insurance Company ("NAU"), a QBE affiliate, will terminate its current 100% quota share reinsurance agreement (the "NAU Reinsurance Agreement"), whereby NAU reinsures 100% of the liabilities of NFU relating to multi-peril crop insurance policies issued by NFU, as to all new business. At the effective time of the termination, NFU shall cease writing multi-peril crop insurance policies as to new business, but 100% of the multi-peril crop insurance business previously written by NFU (including any renewals of the pre-closing policies which NFU is obligated by contract or applicable law to issue after the closing of the Acquisition) shall continue to be reinsured under the NAU Reinsurance Agreement until there are no liabilities remaining with respect to such multi-peril crop insurance business. We understand that General Casualty and/or the relevant QBE affiliates will submit separate Form D filings in respect of the foregoing intercompany transactions as required pursuant to Wis. Adm. Code § Ins 40.04.

(c) Projected Financial Statements

Attached hereto as **Exhibit E-2** are statutory statements of admitted assets, liabilities and capital and surplus and statutory statements of operations and changes in capital and surplus of NFU for the three years following the closing date on a projected basis. The complete statutory financial statements for NFU, as of December 31, 2017, were filed with the OCI.

(d) Changes in Board of Directors and Management

Upon the closing, the Applicant will reconstitute the Domestic Insurer's board of directors with the following persons:

Barry Samuel Karfunkel

Michael Hal Weiner

Jeffrey Allan Weissmann

Additionally, upon the closing, executive officers for the Domestic Insurer will be appointed as follows:

Name	Title
Robert M. Karfunkel	President
Michael H. Weiner	Chief Financial Officer
Peter A. Rendall	Chief Operating Officer
John Engeman	Treasurer
Jeffrey A. Weissmann	General Counsel and Secretary
Donald J. Bolar	Chief Accounting Officer
George H. Hall Jr.	Chief Claims Officer

Robert M. Karfunkel

Robert M. Karfunkel, the proposed President of NFU, currently serves as President and Co-Chairman of the Board of Directors of NGHC. Mr. R. Karfunkel served as a director of NGHC from 2010 until 2013 and was reelected as a director of NGHC in 2016. Prior to his appointment as President in May 2018, Mr. R. Karfunkel served as Executive Vice President and Chief Marketing Officer and Executive Vice President – Strategy and Development. He also serves as a director and officer of many of NGHC's subsidiaries. He began his career as a marketing analyst for Maiden Reinsurance from 2009 to 2010.

Barry S. Karfunkel

Barry S. Karfunkel, a proposed director of NFU, currently serves as Chief Executive Officer and Co-Chairman of the Board of Directors of NGHC. Appointed as Chief Executive Officer in April 2016, Mr. B. Karfunkel previously served as President of NGHC from 2015 to 2018, a position he also held from 2010 to 2013 before NGHC became a public company. From 2013 to 2015, Mr. B. Karfunkel served as executive vice president and chief marketing officer of NGHC. He has served as a director of NGHC since 2010. Additionally, he serves as President and director of many of NGHC's other subsidiaries including Integon.

Michael H. Weiner

Michael Weiner, the proposed Chief Financial Officer and a proposed director of NFU, has served as the Chief Financial Officer of NGHC since 2010. Mr. Weiner also serves as an officer and director of many of NGHC's subsidiaries including Integon. From 2009 to 2010, Mr. Weiner was the global chief financial officer of Ally Financial's GMAC

Insurance unit. From 2008 to 2009, Mr. Weiner was at Cerberus Operations and Advisory Company as a member of the financial services team. Prior to his tenure at Cerberus, Mr. Weiner held a number of financial management positions with Citigroup. He joined Citigroup from KPMG LLP, and began his career at Bankers Trust Company.

Jeffrey A. Weissmann

Jeffrey Weissmann, the proposed General Counsel and Secretary and a proposed director of NFU, has served as general counsel and secretary of NGHC since 2011. Mr. Weissmann also serves as an officer and director of many of NGHC's subsidiaries. Prior to joining NGHC, from 2003 to 2011, Mr. Weissmann practiced law at Cadwalader, Wickersham & Taft, LLP, in the securities, mergers & acquisitions and corporate governance areas. Mr. Weissmann, as the general counsel, oversees the Legal and Compliance team of a public company that has 21 U.S. insurance companies as subsidiaries domiciled in fifteen (15) states including Alabama, Arkansas, California, Illinois, Indiana, Louisiana, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, South Carolina, Tennessee and Texas.

Peter A. Rendall

Peter Rendall, the proposed Chief Operating Officer of NFU, currently serves as executive vice president and chief operating officer of NGHC and its insurance and non-insurance subsidiaries. Mr. Rendall joined NGHC in 2010 as finance manager and served as treasurer of NGHC and its subsidiaries from 2011 to 2018. Prior to that, Mr. Rendall held various financial and managerial positions at GMAC Insurance Group with respect to personal lines business since August 2002.

John Engeman

John Engeman, the proposed Treasurer of NFU, currently serves as vice president and treasurer of NGHC and its subsidiaries. Mr. Engeman joined NGHC in November 2017 as assistant treasurer of NGHC. Prior to joining NGHC, Mr. Engeman served as senior director of finance at Theorem Inc. from 2016 to 2017. From 2014 to 2016, Mr. Engeman was director of treasury of David Yurman Enterprises LLC. From 2005 to 2013, Mr. Engeman was vice president and assistant treasurer of Kate Spade & Company (formerly Liz Claiborne Inc.) and treasurer of the Foundation. Mr. Engeman is a Certified Treasury Professional (CTP), Certified Management Accountant (CMA) and Certified Financial Manager (CFM).

Donald J. Bolar

Donald Bolar, the proposed Chief Accounting Officer of NFU, has served as chief accounting officer of National General's 21 insurance subsidiaries since 2010. Mr. Bolar served as chief accounting officer of NGHC from 2010 to 2017 and also served as vice president and treasurer of NGHC from 2010 until August 2011. From 1998 until 2010, Mr. Bolar served as vice president and treasurer of GMAC Insurance – Personal Lines. Prior to 1998, Mr. Bolar was with Motors Insurance Corporation and worked in various positions in accounting and financial planning.

George H. Hall, Jr.

George Hall, the proposed Chief Claims Officer of NFU, currently serves as the Chief Claims Officer and executive vice president of NGHC and as Vice President and Chief Claims Officer of National General's 21 insurance subsidiaries, including Integon. Mr. Hall oversees the claims operations and has extensive experience in the areas of corporate and claims operations. He began his insurance career in 1981 as a claims representative at Integon, a subsidiary of NGHC, and has held various claims positions within NGHC over the past 35 years. He has held the role of Chief Claims Officer for the past 10 years.

The Biographical Affidavits for the individuals proposed as directors and officers of NFU above are being filed with the Office under separate cover as Exhibit D and are subject to a request for confidential treatment.

Attached hereto as Exhibit F are the Pre- and Post-Acquisition Organizational Charts detailing the identities of, and interrelationships (including the percentage of voting securities) among NFU and its pre- and post-acquisition affiliates, and all persons known to control NFU, as of the date of this Statement and the closing.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

NFU has authorized 5,000,000 shares of Common Stock, \$1.00 par value per share. NFU has issued and outstanding a total of 4,200,000 shares of its Common Stock, which constitutes all the issued and outstanding voting securities of NFU. General Casualty currently owns all of the outstanding NFU shares of Common Stock.

At the effective time of the Transaction, Integon will acquire all issued and outstanding shares of NFU from General Casualty and NFU will become a direct wholly-owned subsidiary of Integon. As a result of the acquisition, NFU will become an indirect wholly-owned subsidiary of NGHC.

The terms of the Acquisition effecting the change of control of the Domestic Insurer are set forth in the Purchase Agreement. Except as set forth above, none of the Applicant, its affiliates or any person listed in Item 3 above currently intends to acquire any voting securities issued by the Domestic Insurer or any of its controlling persons. The discussion in Item 4(b) relating to the criteria used in determining the nature and amount of consideration to be conveyed for the Transaction (and the transactions contemplated thereby) is incorporated by reference as a statement of the method by which the fairness of the Acquisition was derived.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Other than the Applicant's rights pursuant to the Purchase Agreement, as of the date of this Statement, none of Integon, NGHC, its affiliates or any person listed in Item 3: (a) beneficially owns any voting security of the Domestic Insurer, or any security which may be converted into voting securities of the Domestic Insurer; or (b) has the right to acquire beneficial ownership of any voting security of the Domestic Insurer, or of any security which may be converted into voting securities of the Domestic Insurer.

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

Other than the Applicant's right to acquire all of NFU's issued and outstanding shares of common stock pursuant to the Purchase Agreement and related ancillary agreements upon which the closing of the Purchase Agreement is predicated, as of the date of this Statement, none of the Applicant, its affiliates or any person listed in Item 3 is involved in any other contract, arrangement or understanding with respect to any voting security of the Domestic Insurer, 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 purchases of any voting securities of the Domestic Insurer by any of the Applicant, its affiliates or any person listed in Item 3 during the twelve (12) calendar months preceding the date of this Statement.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

None of the Applicant, NGHC, its affiliates or any person listed in Item 3, or anyone based upon interviews or at the suggestion of the Applicant, NGHC, its affiliates or any person listed in Item 3, has made any written or oral recommendations to purchase any voting security of NFU during the twelve (12) calendar months preceding the date of this Statement.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

No agreement, contract or understanding has been made by the Applicant, its affiliates or any person listed in Item 3 with any broker-dealer as to solicitation of voting securities of NFU for tender and no amount of fees, commissions, or other compensation have been paid by the Applicant, their affiliates or any person listed in Item 3 above to broker-dealers with regard to solicitation of voting securities of NFU for tender.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

- (a) Audited financial statements for the Applicant and its ultimate parent, NGHC, for the preceding five fiscal years, and the corresponding certification of such financial statements by an independent accountant, in addition to unaudited information covering the most recent quarterly period ended September 30, 2018, are attached to this Form A as Exhibit B, as noted below. Additionally, as required by Wis. Stat. § 601.42, the three-year financial projections for the Domestic Insurer are attached to this Statement as Exhibit E-2 (submitted under seal of confidentiality).
- (b) Tender Offer Documents and Certain Proposed Agreements. Other than the Purchase Agreement, a copy of which is attached hereto as Exhibit A, there are

no tender offers for, requests or invitation for, tenders of, exchange offers for, or agreements to acquire or exchange any voting securities of the Domestic Insurer or any of its controlling persons or additional soliciting material relating thereto to be used in connection with the Acquisition. Other than the affiliate agreements listed in Item 5(a), above, there are no proposed employment, consultation, advisory or management contracts concerning the Domestic Insurers or any of their controlling persons. There are no annual reports to the stockholders of the Domestic Insurer for the last 2 fiscal years, or any additional documents or papers required by the Form A or Wis. Admin. Code §§ Ins 40.11 or 40.13.25. NGHC's annual reports for the past three years are included with Exhibit B-3.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

The Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within fifteen (15) days after the end of the month in which the Acquisition occurs. NGHC acknowledges that it and all subsidiaries within its control in the insurance holding company system will provide information to the Commissioner upon request as necessary to evaluate enterprise risk to the Domestic Insurer.

OTHER INFORMATION.

Form E, Pre-acquisition Notification - Statement of Potential Competitive Impact of Proposed Acquisition of a Domestic Insurer

The Applicant and its insurance affiliates do not write significant business in Wisconsin, therefore, the Acquisition will not substantially lessen competition in Wisconsin nor will it tend to create a monopoly. Neither the Applicant, on an aggregate basis with its insurance company affiliates, nor the Domestic Insurer, has a significant market share in any line of business in the State of Wisconsin. Accordingly, the Applicant's acquisition of control of the Domestic Insurer will not have the effect of substantially lessening competition in the insurance market in Wisconsin. The Applicant's Acquisition will not violate the competitive standards as set forth in Wis. Adm. Code § Ins 40.025 since in no Wisconsin market would the combined market share of the involved insurers exceed 12% of the total market and the market share of the involved insurers would not increase by more than 2% of the total market, on an aggregate basis.

Satisfaction of Criteria for Approval:

As grounds for approval of the plan for acquisition of control described in this Statement, Applicant states that the plan would not violate the law or be contrary to the interests of the insureds of the Domestic Insurer or any participating domestic insurer or of the Wisconsin insureds of any participating nondomestic insurer and that:

- (a) After the change of control, the Domestic Insurer and any domestic insurer controlled by the Applicant's insurance holding company system would be able to

satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

(b) The effect of the acquisition of control would not be to create a monopoly or substantially to lessen competition in insurance in Wisconsin;

(c) The financial condition of any acquiring party is not likely to jeopardize the financial stability of the Domestic Insurer, or prejudice the interests of its Wisconsin policyholders;

(d) Applicant has no plans or proposals to liquidate the domestic insurer, sell its assets, or merge it with any person or make any other material change in its business or corporate structure or management; and

(e) The competence and integrity of those persons who would control the operation of the Domestic Insurer are such that it would be in the interest of the policyholders of the Domestic Insurer and of the public to permit the acquisition of control.

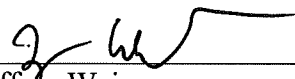
ITEM 14. SIGNATURE AND CERTIFICATION

SIGNATURE


Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, Integon National Insurance Company, the Applicant, has caused this application to be duly signed on its behalf in the City of New York and State of New York, on the 5th day of December, 2018.

(SEAL)

INTEGON NATIONAL INSURANCE
COMPANY

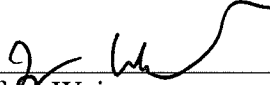
By 
Jeffrey Weissmann
General Counsel and Secretary

Attest:

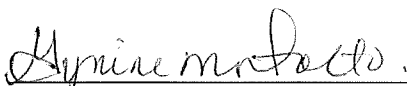

(Signature of Officer)
Title: CFO

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated December 5th, 2018, for and on behalf of Integon National Insurance Company, and that he is the General Counsel and Secretary of such Company, that he is authorized to execute and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof and that the facts therein set forth are true to the best of his knowledge, information, and belief.


Jeffrey Weissmann

Subscribed to and sworn to this 5th day of December, 2018.


Notary Public

GYNINE MONTALTO
Notary Public, State of New York
No. 01MO6341432
Qualified in Queens County
Certified in New York County
Commission Expires May 2, 2020

My commission expires on: 5.2.2020.

LIST OF EXHIBITS

Exhibit A	Stock Purchase Agreement including Disclosure Schedules (submitted separately under seal of confidentiality)
Exhibit B-1	Audited Annual Financial Statements of Integon from 2013-2017
Exhibit B-2	Unaudited Quarterly Financial Statements of Integon as of 9/30/2018
Exhibit B-3	Audited Annual Financial Statements of NGHC from 2013-2017, including Annual Report on Form 10-K for past three years
Exhibit B-4	Unaudited Quarterly Financial Statement of NGHC on Form 10-Q as of 9/30/18
Exhibit C	Organizational Chart as of 11/19/2018
Exhibit D	Biographical Affidavits for Directors and Officers (submitted separately under seal of confidentiality)
Exhibit E-1	Plan of Operations (submitted separately under seal of confidentiality)
Exhibit E-2	Three-year Financial Projections for NFU (submitted separately under seal of confidentiality)
Exhibit F	Pre- and Post-Acquisition Organizational Charts of Domestic Insurer
Exhibit G-1	Intercompany Reinsurance Agreement
Exhibit G-2	Report of Extraordinary Dividend pursuant to Wis. Admin. Code § Ins 40.18
Exhibit G-3	Tax Allocation Agreement
Exhibit G-4	Management Services Agreement