

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Proposed Exemption of)
Universal Underwriters Insurance Company) Docket No. 3172-H

ORDER

Now comes on for disposition the request of Universal Underwriters Insurance Company for an Order under Kansas Statutes Annotated (K.S.A.) 40-3304(e)(1) exempting said entity from the filing and approval requirements of K.S.A. 40-3304, as said statute may be construed to apply to the restructuring of the insurance holding company system which was accomplished by a surplus contribution of securities from Zurich American Insurance Company to Universal Underwriters Insurance Company, which included the outstanding stock of Universal Underwriters Life Insurance Company. Following the surplus contribution, Universal Underwriters Life Insurance Company became a direct subsidiary of Universal Underwriters Insurance Company.

FINDINGS OF FACT

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-103 and K.S.A. 40-3301, et seq.
2. Applicant has requested an exemption from the acquisition and approval requirements of the Kansas Insurance Holding Companies Act under K.S.A. 40-3304(e)(1).
3. Universal Underwriters Life Insurance Company is a Kansas domiciled life insurance company.
4. Zurich American Insurance Company, a New York domiciled property and casualty insurance company, previously owned 100% of the outstanding stock of

Universal Underwriters Life Insurance Company directly. Zurich American Insurance Company previously owned, and continues to own, 100% of the outstanding stock of Universal Underwriters Insurance Company, a Kansas domiciled property and casualty insurance company.

5. Zurich Financial Services, a Swiss insurance holding company, and Farmers Insurance Exchange, a California domiciled inter-insurance exchange, are the ultimate controlling persons in the holding company system.

6. Zurich American Insurance Company contributed the outstanding stock of Universal Underwriters Life Insurance Company to Universal Underwriters Insurance Company effective January 1, 2003, as a surplus contribution. Subsequently, a request for exemption from filing a Form A was submitted on behalf of Universal Underwriters Insurance Company.

7. As a result of the reorganization, Universal Underwriters Life Insurance Company is now a wholly owned subsidiary of Universal Underwriters Insurance Company.

8. Subsequent to the reorganization, Universal Underwriters Insurance Company is still a wholly owned subsidiary of Zurich American Insurance Company.

9. Zurich Financial Services and Farmers Insurance Exchange are both still the ultimate controlling persons of the holding company system.

CONCLUSIONS OF LAW

10. K.S.A. 40-3304(e) provides

(e) The provisions of this section shall not apply to:

Any offer, request, invitation, agreement or acquisition which the commissioner

of insurance by order shall exempt therefrom as:

- (1) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer;...

11. Based upon the information enumerated in the Findings of Fact contained in paragraphs one through nine above, and the representations made on behalf of Universal Underwriters Insurance Company, the restructuring of the holding company system whereby the stock ownership of Universal Underwriters Life Insurance Company was contributed as part of a surplus contribution from Zurich American Insurance Company to Universal Underwriters Insurance Company, was not made for the purpose of and did not have the effect of changing or influencing the control of Universal Underwriters Life Insurance Company, a Kansas domestic insurer.

**IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED
THAT:**

1. Universal Underwriters Insurance Company shall be exempt from the application of the formal filing and approval requirements of K.S.A 40-3304 as it may be deemed to apply to the reorganization.
2. Universal Underwriters Insurance Company shall comply with K.S.A. 40-3304 in the future.
3. The Commissioner of Insurance retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action as necessary to dispose of this matter.

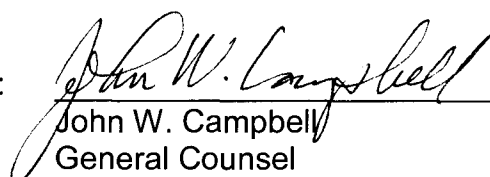
NOTICE OF RIGHT TO JUDICIAL REVIEW

You have the right to judicial review in accordance with the provisions set forth in the Act for Judicial Review and Civil Enforcement of Agency Actions (K.S.A. 77-601, et seq., as amended). If you wish to appeal this decision, you must file a petition for judicial review after exhausting all administrative remedies available in this matter within 30 days. Your written petition for judicial review shall be served upon: Sandy Praeger, Commissioner of Insurance, Kansas Insurance Department, 420 SW 9th Street, Topeka, Kansas 66612-1678.

**IT IS SO ORDERED THIS 13th DAY OF JUNE 2003, IN THE CITY OF
TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



Sandy Praeger
Commissioner of Insurance

By: 
John W. Campbell
General Counsel