

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

In the Matter of the Proposed Exemption of)
Berkshire Hathaway Inc.) Docket No. 4382-EX

ORDER

Now comes on this __23rd__ day of November, 2011 before the Commissioner of Insurance for disposition the request of Berkshire Hathaway Inc. ("Applicant"), dated November 17, 2011, for an Order, pursuant to K.S.A. 40-3304(e)(1), exempting Applicant from the filing and approval requirements of K.S.A. 40-3304(a), as said statute may be construed to apply to the restructuring of the insurance holding company system of The Kansas Bankers Surety Company ("KBS"), a Kansas domiciled insurer.

This Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period if no request for hearing is made, pursuant to K.S.A. 77-542.

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 pursuant to K.S.A. 40-3304(e) from the acquisition and approval requirements of the Kansas Insurance Holding Companies Act, specifically those requirements stated in K.S.A. 40-3304(a).
3. Applicant is a Delaware stock publically traded corporation. Mr. Warren E. Buffet (a Nebraska resident) directly owns more than 10% of the Applicant's stock. Applicant is considered the ultimate controlling person of KBS.

4. KBS is currently directly owned by Wesco-Financial Insurance Company (“Wesco”), a Nebraska domiciled insurance company.

5. Below is the abbreviated organizational chart of the Applicant showing the current direct and **indirect** ownership of KBS.

Berkshire Hathaway Inc. (Applicant)
OBH LLC (**indirect**)
BCS Holdings, LLC (**indirect**)
Wesco Financial, LLC (**indirect**)
Wesco Holdings Midwest, Inc. (**indirect**)
Wesco-Financial Insurance Company (**direct**)
The Kansas Bankers Surety Company

6. In an effort to “simplify the organizational chart” of the Applicant, they propose “through a series of corporate transactions” to remove all the **indirect** owner entities of KBS (as noted in 5 above), thus making Wesco-Financial Insurance Company a direct wholly owned subsidiary of the Applicant. Therefore, subsequent to these “corporate transactions”, the abbreviated organizational chart will appear as follows:

Berkshire Hathaway Inc. (Applicant)
Wesco-Financial Insurance Company (**direct**)
The Kansas Bankers Surety Company

7. The proposed restructuring will have no operational effect on KBS as both the immediate parent and the ultimate controlling person will remain unchanged. Additionally, the officers and directors of KBS will remain unchanged.

CONCLUSIONS OF LAW

8. K.S.A. 40-3304(a) provides, in part, as follows:

(a) No person other than the issuer shall...enter into any agreement to exchange securities or, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if,... at the time... any such agreement is entered into, ... such person has filed with the commissioner of insurance and has sent to such insurer, a statement

containing the information required by this section and such... agreement... has been approved by the commissioner of insurance in the manner hereinafter prescribed.

9. 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*;

10. Based upon the information enumerated in the Findings of Fact contained in paragraphs #1 through #7 above, and the representations made on behalf of Berkshire Hathaway Inc., the restructuring of the holding company system is not made for the purpose of, and will not have the effect of, changing or influencing the control of Kansas Bankers Surety Company, a Kansas domestic insurer.

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

1. Berkshire Hathaway Inc. shall be exempt from the application of the formal filing and approval requirements of K.S.A 40-3304(a) as it may be deemed to apply to the change of the ownership of Kansas Bankers Surety Company provided the reorganization is effected by or before January 1, 2012.

2. Berkshire Hathaway Inc. shall comply with all of the provisions and requirements of K.S.A. 40-3301, *et seq.*, 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 RIGHTS

Berkshire Hathaway Inc. is entitled to a hearing pursuant to K.S.A. 77-537, the Kansas Administrative Procedure Act. If Berkshire Hathaway Inc. desires a hearing, it must file a written request for a hearing with:

Zachary J.C. Anshutz, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

This request must be filed within fifteen (15) days from the date of service of this Order. If Applicant requests a hearing, the Kansas Insurance Department will notify them of the time and place of the hearing and information on the procedures, right of representation, and other rights of parties relating to the conduct of the hearing, before commencement of same.

If a hearing is not requested in the time and manner stated above, this Order shall become effective as a Final Order upon the expiration of time for requesting a hearing, pursuant to K.S.A. 77-613. In the event Applicant files a petition for judicial review, pursuant to K.S.A. 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

Zachary J.C. Anshutz, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

IT IS SO ORDERED THIS __23rd__ DAY OF NOVEMBER 2011, IN THE CITY
OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



_____/s/ Sandy Praeger_____
Sandy Praeger
Commissioner of Insurance

By:_____/s/ Zachary J.C. Anshutz_____
Zachary J.C. Anshutz
General Counsel

Certificate of Service

The undersigned hereby certifies that he served a true and correct copy of the above and foregoing **Order** and accompanying **Notice of Rights** on this __23rd__ day of November, 2011, by causing the same to be placed in the United States Mail, first class postage prepaid, addressed to the following:

Brennan Neville
Senior Legal Counsel
Berkshire Hathaway Inc.
3024 Harney Street
Omaha, NE 68131

_____/s/ Zachary J.C. Anshutz_____
Zachary J. C. Anshutz
General Counsel