

FINAL ORDER
Effective: 5-2-11

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

In the Matter of the Proposed Exemption of)
Montana Acquisitions, LLC) Docket No. 4291-EX

ORDER

Now comes on this _12th_ day of April, 2011 before the Commissioner of Insurance for disposition the request of Montana Acquisitions, LLC (“Applicant”), dated March 25, 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 Kansas Bankers Surety Company, 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 limited liability company and is a direct wholly owned subsidiary of Blue Chip Stamps, a California intermediate holding company that is also the upstream holding company for Kansas Bankers Surety Company (“KBS”).

4. Wesco Financial Corporation, a Delaware Corporation, is directly owned by Blue Chip Stamps and is currently an indirect owner of KBS.

5. Applicant desires to merge with Wesco Financial Corporation and subsequently change their name to Wesco Financial LLC. The result of the merger will be that the merged surviving entity, Wesco Financial LLC, will be an indirect parent in the chain of parents of KBS.

6. After the reorganization the direct parent of KBS, Wesco-Financial Insurance Company, a Nebraska domiciled insurance company, will remain unchanged.

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

8. Both before and after the reorganization, Berkshire Hathaway Inc., a Delaware domiciled corporation, will continue to be the ultimate controlling person of KBS.

CONCLUSIONS OF LAW

9. 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.

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 eight above, and the representations made on behalf of Montana Acquisitions, LLC, 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. Montana Acquisitions, LLC 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 June 30, 2011.

2. Montana Acquisitions, LLC 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

Montana Acquisitions, LLC is entitled to a hearing pursuant to K.S.A. 77-537, the Kansas Administrative Procedure Act. If Montana Acquisitions, LLC 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 12th DAY OF APRIL 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 __12th__ day of ____April____, 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
Montana Acquisitions, LLC
3555 Farnam Street, Suite 1400
Omaha, NE 68131

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