

# FINAL ORDER

Effective: 2-17-12

## BEFORE THE COMMISSIONER OF INSURANCE OF THE STATE OF KANSAS

In the Matter of the Proposed Exemption of        )  
**General Electric Capital Corporation**            )        Docket No. 4400-EX

### ORDER

Now comes on this \_\_30th\_\_ day of January, 2012 before the Commissioner of Insurance for disposition the request of General Electric Capital Corporation (“Applicant” or “GECC”), dated January 19, 2012, 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 Employers Reassurance Corporation (“ERAC”), Union Fidelity Life Insurance Company (“UFLIC”), and Heritage Casualty Insurance Company (“HCIC”), all Kansas domiciled insurers.

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 corporation. Applicant is owned by General Electric Company (“GE”), a New York corporation and the ultimate controlling person of ERAC, UFLIC, and HCIC.

4. ERAC, UFLIC, and HCIC are currently owned by General Electric Capital Services, Inc. (“GECS”), a Delaware corporation.

5. Currently, HCIC is a direct, wholly owned subsidiary of UFLIC, which in turn is a direct, wholly owned subsidiary of ERAC. ERAC is a direct, wholly owned subsidiary of GECS, which is a direct, wholly owned subsidiary of GE. Accordingly, GE is the ultimate controlling person of ERAC, UFLIC, and HCIC. GECC is a direct, wholly owned subsidiary of GECS and does not have a direct or indirect ownership interest ERAC, UFLIC, and HCIC.

6. In an effort to “simplify the organizational structure” of the various GE financial services companies, GE desires to effect a merger of GECS and GECC, with GECC surviving the merger. As a result of the transaction, GECC will become a direct, wholly owned subsidiary of GE, and will also become the direct parent of ERAC. ERAC will remain the direct and indirect parent of UFLIC and HCIC, respectively. GE will remain the ultimate controlling person of ERAC, UFLIC, and HCIC.

7. The proposed restructuring will not result in any changes to the management or business operations of ERAC, UFLIC, and HCIC.

### **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 General Electric Capital Corporation, 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 Employers Reassurance Corporation, Union Fidelity Life Insurance Company, or Heritage Casualty Insurance Company, all Kansas domestic insurers.

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

1. General Electric Capital Corporation 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 Employers Reassurance Corporation, Union Fidelity Life Insurance Company, or Heritage Casualty Insurance Company provided the reorganization is effected within sixty (60) days of the date of this Order.

2. General Electric Capital Corporation 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**

General Electric Capital Corporation is entitled to a hearing pursuant to K.S.A. 77-537, the Kansas Administrative Procedure Act. If General Electric Capital Corporation 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. 9<sup>th</sup> 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. 9<sup>th</sup> Street  
Topeka, Kansas 66612

IT IS SO ORDERED THIS \_\_30th\_\_ DAY OF JANUARY, 2012, 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 \_\_30th\_\_ day of January, 2012, by causing the same to be placed in the United States Mail, first class postage prepaid, addressed to the following:

Kathleen Russell  
General Counsel  
Employers Reassurance Corporation  
251 N. Illinois Street, Suite 800  
Indianapolis, IN 46204-1953

\_/s/ John Dowell\_\_\_\_\_

John Dowell  
Staff Attorney