

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

In the Matter of the Merger of)
THE KANSAS BANKERS)
SURETY COMPANY)
NAIC #15962)
with and into) Docket No. 4614-M
BERKSHIRE HATHAWAY HOMESTATE)
INSURANCE COMPANY)
NAIC #20044)

ORDER OF MERGER

NOW on this __11th__ day of December, 2013, the above matter comes before the Commissioner of Insurance of the State of Kansas (“Commissioner”).

The Kansas Bankers Surety Company (“KBS”), a Kansas-domiciled insurance company, has applied to merge with and into its affiliate Berkshire Hathaway Homestate Insurance Company (“BHHIC”), a Nebraska-domiciled insurance company, pursuant to K.S.A. 40-309.

The KBS and BHHIC are represented by their attorney, Bruce E. Baty, Dentons US LLP. The Kansas Insurance Department (“Department”) is represented by John Wine, General Counsel, and Kris Kellim, Staff Attorney. Also appearing for the Department are Kenneth Abitz, Director of the Financial Surveillance Division, and Mark Owens, Principal Financial Analyst.

All parties are relying on documentary and contractual representations filed with the Department.

Pursuant to the authority granted to the Commissioner pursuant to K.S.A. 40-309, 40-3301, and 40-3304(d)(1) and in accordance with the Kansas Administrative Procedures Act, K.S.A. 77-501, *et seq.*, the Commissioner hereby asserts the following findings of fact, conclusions of law, and orders, as follows:

FINDINGS OF PUBLIC INTEREST AND POLICY

The purpose of filing the application was to obtain the approval of the Department for the proposed merger of KBS with and into BHHIC. The terms and conditions of the proposed merger are fully set forth in the Agreement and Plan of Merger.

Significant documents have been reviewed by representatives of the Financial Surveillance Division and the Legal Division of the Department, and the Commissioner has had the benefit of their technical expertise and advice.

KBS and BHHIC have submitted the various Exhibits in the merger filing, including, but not limited to, a Merger Endorsement, an Agreement and Plan of Merger, written consent resolutions of the boards of directors and shareholders of KBS and of BHHIC, actuarial opinions, and financial statements.

The staff of the Department has inspected and reviewed the contents of the Agreement and Plan of Merger and related documents and found that the filing of the Agreement and Plan of Merger and related documents are in accordance with K.S.A. 40-309 and that the Agreement and Plan of Merger and related documents have provided all of the information required under Kansas law to enable the Commissioner to render a decision on the proposed merger of KBS with and into BHHIC.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. The Commissioner has jurisdiction over this matter pursuant to K.S.A. 40-103 and 40-3301, *et seq.*
2. KBS is a Kansas-domiciled stock insurance company organized and operating pursuant to the provisions of the Kansas Insurance Code, with a statutory address of 1220 SW

Executive Drive, Topeka, KS 66615. KBS has been admitted to transact business in Kansas since January 10, 1910.

3. BHHIC is a Nebraska-domiciled stock insurance company organized under the laws of Nebraska, with a statutory address of 3333 Farnam Street, Omaha, NE 68131. BHHIC has been authorized to transact business in Kansas since August 29, 1974.

4. KBS and BHHIC both are wholly owned indirect subsidiaries of Berkshire Hathaway Inc., a Delaware corporation.

5. Pursuant to K.S.A. 40-309, an insurance company of this state may merge with any other company of any other state engaged in like business and having similar corporate powers.

6. KBS and BHHIC are engaged in like business and have similar corporate powers.

7. Pursuant to K.S.A. 40-3304, a person proposing to enter an agreement to merge with any domestic insurance company shall file with the Commissioner a statement containing the information required by K.S.A. 40-3304.

8. Based on the information submitted and the representations of BHHIC, the merger of KBS with and into BHHIC is not made for the purpose of and will not have the effect of changing or influencing control of the surviving company.

9. Pursuant to K.S.A. 40-3304(e)(1), the parties are exempt from the formal filing and approval requirements of K.S.A. 40-3304(a), including the Form A filing requirements of K.A.R. 40-1-28.

10. Pursuant to K.S.A. 40-309, on October 3, 2013, the board of directors of KBS and, on November 25, 2013, the sole shareholder of KBS, the board of directors of BHHIC, and

the sole shareholder of BHHIC each adopted a resolution approving the merger of KBS with and into BHHIC.

11. The parties filed an executed copy of the Agreement and Plan of Merger with the Department on December 4, 2013.

12. The Agreement and Plan of Merger is in compliance with the provisions of K.S.A. 40-309.

13. KBS has submitted all necessary materials to the Department in connection with the proposed merger; and

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. The merger of KBS with and into BHHIC is hereby approved, provided that within sixty days of the date of this Order, the merger is effected and all appropriate documents are filed with the KID.

2. BHHIC shall be exempt from the application of the formal filing and approval requirements of K.S.A. 40-3304(a), including the Form A requirements of K.A.R. 40-1-28.

3. In conjunction with this Order, the Commissioner shall cancel the Kansas Certificate of Authority of KBS.

4. The Commissioner retains jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such Orders as may be deemed necessary and appropriate.

NOTICE OF RIGHTS

Pursuant to K.S.A. 77-537 of the Kansas Administrative Procedure Act, if KBS desires a hearing, the company must file a written request for a hearing with:

John Wine, 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 Summary Order. If KBS requests a hearing, the Department will notify KBS 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 the same.

If a hearing is not requested in the time and manner stated above, the Summary 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 that KBS files a petition for judicial review, pursuant to K.S.A. 77-613(e), the agency officer to be served on behalf of the Department is:

John Wine, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

IT IS SO ORDERED THIS 11th DAY OF DECEMBER, 2013, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ Sandy Praeger
Sandy Praeger
Commissioner of Insurance

BY:

/s/ John Wine
John Wine
General Counsel

CERTIFICATE OF SERVICE

The undersigned hereby certifies that above and foregoing Order of Merger was served via the United States Postal Service, first-class postage prepaid, on this 11th day of December, 2013, addressed to the following:

Andrew Linkhart
Chief Financial Officer
Berkshire Hathaway Homestate Insurance Company
3333 Farnam Street
Omaha, NE 68132

_ /s/ Kris Kellim _____
Kris Kellim
Staff Attorney