

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

In the Matter of the Proposed)
Acquisition of Control of)
)
OLD UNITED CASUALTY COMPANY)
)
By:)
)
BERKSHIRE HATHAWAY INC.,)
NATIONAL INDEMNITY COMPANY,)
VT INSURANCE ACQUISTION SUB INC.)

Docket No. 4727-ACQ

ORDER

Now on this 31st day of December, 2014, the above matter comes before the Commissioner of Insurance of the State of Kansas (“Commissioner”) upon the filing of a pre-acquisition notice pursuant to K.S.A. 40-3304 and K.A.R. 40-1-28 in the form of a “Form A” Statement Regarding the Acquisition of Control of a Domestic Insurer (“Form A Statement”) by Berkshire Hathaway Inc. (“Berkshire Hathaway”), National Indemnity Company (“National Indemnity”), and VT Insurance Acquisition Sub Inc., (“VT Sub”), (collectively “Applicants”). The Form A Statement relates to the proposed acquisition of control of Old United Casualty Company (“Old United”), a Kansas domestic insurance company, through the purchase of all the remaining outstanding shares of capital stock of Van Enterprises, Inc. (“Van Enterprises”). Van Enterprises owns all outstanding capital stock of Old United, therefore, Berkshire Hathaway, National Indemnity, and VT Sub will acquire control of Old United through the acquisition of Van Enterprises.

The Applicants are represented by Nancy F. Peters, Assistant Vice President and Associate General Counsel National Indemnity Company. Old United is represented by Glen I. Mayer, Chief Financial Officer, of Old United. The Kansas Insurance

Department ("KID") is represented by its General Counsel, John Wine. Also appearing for the KID are Diane Minear, Assistant General Counsel; Kenneth G. Abitz, Director, Financial Surveillance Division; and Mark E. Owens, Principal Financial Analyst, Financial Surveillance Division.

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.

Pursuant to the authority granted to the Commissioner pursuant to K.S.A. 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 declarations of public interest and policy, findings of fact, conclusions of law and orders:

DECLARATION OF PUBLIC INTEREST AND POLICY

The Commissioner finds and declares that it is consistent with the public interest and the interest of policyholders to permit insurers to:

- (a) Engage in activities which would enable them to make better use of management skills and facilities;
- (b) diversify into new lines of business through acquisition or organization of subsidiaries;
- (c) have free access to capital markets which could provide funds for insurers to use in diversification programs;
- (d) implement sound tax planning conclusions; and
- (e) serve the changing needs of the public and adapt to changing conditions of the social, economic and political environment, so that insurers are able to

compete effectively and to meet the growing public demand for institutions capable of providing a comprehensive range of financial services.

The Commissioner further finds and declares that the policies and purposes in K.S.A. 40-33-1, *et seq.*, promote the public interest by:

- (a) Facilitating the achievement of the objectives enumerated in K.S.A. 40-3301 and set out above;
- (b) requiring disclosure of pertinent information relating to changes in control of an insurer;
- (c) requiring disclosure by an insurer of material transactions and relationships between the insurer and its affiliates, including certain dividends paid by the insurer; and
- (d) providing standards governing material transactions between the insurer and its affiliates.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The findings of fact and conclusions stated herein are based upon the statements made by the Applicants in the Form A Statement and accompanying documents made under oath and filed with KID by the Applicants pursuant to K.S.A. 40-3304(b) and K.A.R. 40-1-28.

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

2. The purpose of the filing of the Form A Statement is to seek authority from KID for the proposed acquisition of control of Old United by the Applicants. The terms

and conditions of the proposed acquisition are more fully set forth in the Form A Statement filed with the Commissioner pursuant to the Kansas Insurance Holding Companies Act, K.S.A. 40-3301, *et seq.*

3. The Form A Statement filed with the KID by the Applicants included a Form A Statement Regarding the Acquisition of Control of a Domestic Insurer dated December 2, 2014, requesting approval of the acquisition of control of Old United.

4. The Applicants submitted various Exhibits, to the Form A Statement, including, but not limited to, the Insurance Business Acquisition Agreement, organizational charts, and financial statements.

5. Old United is a Kansas corporation and its statutory home office is in Merriam, Kansas. Van Enterprises, Inc. (“Van Enterprises”), a Missouri corporation, currently owns one hundred percent (100%) of the outstanding shares of common stock of Old United. The Applicants will obtain 100% ownership of Old United through its purchase of all the outstanding shares of capital stock of Van Enterprises.

6. On October 1, 2014, Berkshire Hathaway and VT Sub executed an Insurance Business Acquisition Agreement (“Agreement”) with MPP Administrators, Inc., Van Enterprises, the Van Tuyl Family 2012 Irrevocable Trust, the Van Tuyl Family 2006 Irrevocable Trust, the Van Tuyl Family 2006 Irrevocable Trust #2, and Larry Van Tuyl. The Agreement provides for the transaction to close following, among other things, the proper regulatory approval, including the KID. The purchase price of the proposed acquisition is \$518,895,000. Upon execution of the Agreement, Berkshire Hathaway Inc., will be considered the Ultimate Controlling Person of Old United.

7. The staff of the KID have inspected and reviewed the contents of the Form A Statement and Exhibits attached thereto, to the extent necessary, and found that the filing of the Form A Statement and Exhibits are in compliance with the provisions of Kansas Insurance Holding Company Act, K.S.A. 40-3301, *et seq.* and K.A.R. 40-1-28. Also, staff have found the Form A Statement and Exhibits have provided the information required under Kansas statutes to enable the Commissioner to render a decision.

8. Evidence shows that after the change of control, Old United would be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which they are presently licensed.

9. Evidence shows that the financial condition of the Applicants does not jeopardize the financial stability of the Old United or prejudice the interest of their respective policyholders.

10. Evidence shows that the Applicants have no current plans or proposals to liquidate Old United, sell its assets or consolidate or merge Old United with any person, or to make any other material change in Old United's current active business operations or corporate structure or management.

11. Evidence shows that the competence, experience and integrity of those persons who would control the operation of Old United are such that it would be in the interest of policyholders of the insurer and of the public to permit the acquisition of control.

12. Evidence shows that the acquisition is not likely to be hazardous or prejudicial to the insurance-buying public.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. The application by the Applicants to acquire control of Old United in the manner set forth in the Form A Statement Regarding Acquisition of Control and Exhibits attached thereto is hereby approved pursuant to K.S.A. 40-3304, provided that the acquisition is effected within sixty (60) days of the date of this Order.

2. The Commissioner retains jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such further order or orders as may be deemed proper.

NOTICE OF RIGHTS

Applicants are entitled to a hearing pursuant to K.S.A. 77-537, the Kansas Administrative Procedures Act. If the Applicants desire a hearing, it 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 Order. If the 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 the 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 the 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 KID is:

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

**IT IS SO ORDERED THIS 31st DAY OF DECEMBER, 2014, 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

I hereby certify that a true and correct copy of the foregoing Order was forwarded via first class mail, postage prepaid on the ___31st___ day of December, 2014 to:

Ms. Nancy F. Peters
Assistant Vice President/
Associate General Counsel
National Indemnity Company
3024 Harney Street
Omaha, Nebraska 68131
(402) 916-3387
nfpeters@nationalindemnity.com

_ /s/ Diane Minear _____
Diane Minear
Staff Attorney