

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

In the Matter of the Proposed Exemption of	)	
GE Capital US Holdings, Inc.	)	Docket No. 73931
	)	

**ORDER**

Now comes on this 6th day of August, 2018 before the Commissioner of Insurance for disposition of the request of GE Capital US Holdings, Inc. (hereinafter "Applicant") dated February 28, 2018, 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 (hereinafter "ERAC"), Union Fidelity Life Insurance Company (hereinafter "UFLIC"), and Heritage Casualty Insurance Company (hereinafter "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 prior approval requirements of the Kansas Insurance Holding Companies Act, specifically those requirements outlined in K.S.A. 40-3304(a).
3. Presently, 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 Applicant. Applicant is wholly owned by GE Capital Global Holdings, LLC, and in turn one hundred percent of the membership interest in GE Capital Global Holdings, LLC is owned by General Electric Company

(hereinafter "GE"), a New York corporation. Accordingly, GE is the ultimate controlling person of ERAC, UFLIC, and HCIC (together the "Domestic Companies").

4. GE Capital NALH Holdings, LLC (hereinafter "Intermediate Holdco") is a newly formed limited liability company organized under the laws of Delaware. As a result of the proposed restructuring within the insurance holding company system, it is intended that one hundred percent (100%) of the membership interest of Intermediate Holdco will be issued to Applicant, and Applicant will contribute to Intermediate Holdco, one hundred percent (100%) of the voting securities of ERAC, currently held by Applicant, prior to the closing of such restructuring.
5. GE desires to effect an internal corporate restructuring that will include the insertion of Intermediate Holdco within the insurance holding company system structure, specifically between Applicant and ERAC (hereinafter "Proposed Transaction"). As a result of the Proposed Transaction, Applicant will own one hundred percent (100%) of the membership interest of Intermediate Holdco and Intermediate Holdco will 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.

#### CONCLUSIONS OF LAW

6. K.S.A. 40-3304(a) provides, in part, as follows:
  - (a) . . . no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer or any person controlling a domestic insurer unless, at the time any such offer, request or invitation is made . . . 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 offer, request, invitation, agreement or acquisition has been approved by the commissioner of insurance in the manner hereinafter prescribed.
7. 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; . . .
8. Based upon the information enumerated in the Findings of Fact contained in paragraphs #1 through #5 above, and the representations made on behalf of Applicant, the restructuring

within the holding company system is not made for the purpose of, and will not have the effect of, changing or influencing the control of the Domestic Companies.

**IT IS THEREFORE ORDERED, ADJUDGED AND DECREED THAT:**

1. Applicant shall be exempt from the formal filing and approval requirements of K.S.A. 40-3304(a) as it may be deemed to apply to the Proposed Transaction.
2. Applicant and GE shall continue to comply with 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 future Orders deemed appropriate or take such further action as necessary to dispose of this matter.

**IT IS SO ORDERED THIS 6th DAY OF AUGUST 2018, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



Ken Selzer  
Commissioner of Insurance

By:

Grace Lancaster  
Staff Attorney

**NOTICE OF RIGHTS**

Applicant is entitled to a hearing pursuant to K.S.A. 77-537. If the Applicant desires a hearing, Applicant must file a written request for a hearing with:

Diane Minear, 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, rights of representation, and other rights of the 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. 77-601 et. seq. In the event Applicant files a petition for judicial review, pursuant to K.S.A. 77-601 et. seq., the agency officer to be served on behalf of the Kansas Insurance Department is:

Diane Minear, General Counsel  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> Street  
Topeka, Kansas 66612

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 **August 6<sup>th</sup>, 2018** to:

Kathleen Russell  
General Counsel  
Employers Reassurance Corporation  
135 N. Pennsylvania St., Suite 1800  
Indianapolis, Indiana 46204  
Kathy.Russell@ge.com

/s/ Grace Lancaster  
Grace Lancaster  
Staff Attorney