

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

|  |   |                    |
|--|---|--------------------|
| In the Matter of the Merger of               | ) |                    |
| <b>Physicians Reinsurance, Inc</b>           | ) |                    |
| NAIC# 14883                                  | ) | Docket No. 5134-EX |
| with and into                                | ) |                    |
| <b>Physicians Standard Insurance Company</b> | ) |                    |
| NAIC # 13816                                 | ) |                    |

**ORDER OF MERGER**

NOW on this 26<sup>th</sup> day of February, 2018, the above matter comes before the Commissioner of Insurance of the State of Kansas ("Commissioner").

The Physicians Standard Insurance Company ("PSIC"), a Kansas-domiciled insurance company, has applied, pursuant to K.S.A. 40-309, to merge with its affiliate Physicians Reinsurance, Inc. ("Pre"). Additionally, PSIC requested an exemption from the form filings required pursuant to K.S.A. 40-3304.

FINDINGS OF PUBLIC INTEREST AND POLICY

Pursuant to the authority granted to the Commissioner under 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:

PSIC has submitted the various Exhibits in the merger filing, including, but not limited to, an Agreement and Plan of Merger, minutes from the PSIC board of directors approving the merger, PSIC Actuarial Exemption and pro forma financial statements. All parties are relying on documentary and contractual representations filed with the Department. The terms and conditions of the proposed merger are fully set forth in the Agreement and Plan of Merger.

The staff of the Department has inspected and reviewed the contents of the documents and found that the documents are in accordance with K.S.A. 40-309 and that the 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 PRe with and into PSIC.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. The Commissioner has jurisdiction over this matter pursuant to K.S.A. 40-103 and K.S.A. 40-3301, *et seq.*;
2. PSIC is a Kansas-domiciled stock fire and casualty insurance company organized and operating pursuant to the provisions of the Kansas Insurance Code, with a statutory address of 2101 SW 21<sup>st</sup> Street, Topeka, KS 66604. PSIC has been admitted to transact business in Kansas since August 25, 2010;
3. PRe is a Utah captive corporation and is 60% owned by Missouri Professionals Mutual-Physicians Professional Indemnity Association (MPM-PPIA);
4. 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;
5. PSIC and PRe are engaged in like business and have similar corporate powers;
6. Pursuant to K.S.A. 40-3304, a person proposing to enter into 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;

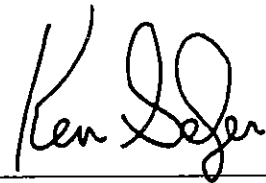
7. Applicant desires to effect an internal restructuring that will include the merger of PSIC with PRe, with PSIC being the sole survivor;
8. Based on the information submitted and the representations of PSIC, the merger of PRe with and into PSIC is not made for the purpose of and will not have the effect 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 November 18, 2017, the board of directors of MPM-PPIA, the sole shareholder of PSIC, adopted a resolution approving the merger of PRe with and into PSIC;
11. The parties filed an executed copy of the Agreement and Plan of Merger with the Department on February 21, 2018;
12. The Agreement and Plan of Merger is in compliance with the provisions of K.S.A. 40-309;
13. PSIC 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 PRe with and into PSIC is hereby approved;
2. PSIC 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. 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;
4. 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.

IT IS SO ORDERED THIS 21<sup>st</sup> DAY OF FEBRUARY, 2018, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



Ken Selzer  
Commissioner of Insurance

BY:

/s/ Grace Lancaster  
Grace Lancaster  
Staff Attorney

**NOTICE OF RIGHTS**

Pursuant to K.S.A. 77-537 of the Kansas Administrative Procedure Act, if PSIC desires a hearing, the company 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**

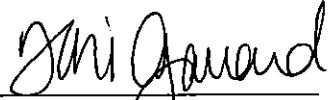
This request must be filed within fifteen (15) days from the date of service of this Summary Order. If PSIC requests a hearing, the Department will notify PSIC of the time and place of the hearing and information on the procedures, right of representation, and other rights of the parties relating to the conduct of the hearing, before commencement of the same.

If a hearing is not requested in the time and manner stated above, 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 PSIC 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 the same as above.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the above and foregoing Order of Merger was served via the United States Postal Service, first-class postage prepaid, on this 26<sup>th</sup> day of February, 2018, addressed to the following:

Jonathan L. Downward, CEO  
Physicians Standard Insurance Company  
287 North Lindberg  
St. Louis, MO 63141



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Toni Garrard  
Legal Assistant