CERTIFIED MAIL RETURN RECEIPT REQUESTED

STATE OF ALASKA DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT DIVISION OF INSURANCE P. O. BOX 110805 JUNEAU, ALASKA 99811-0805

Order #R99-02)	ORDER GRANTING MERGER UNDER
)	AS 21.69.590 AND EXEMPTION FROM
In the Matter of the Merger of)	FORM A STATEMENT FILING UNDER
Industrial Indemnity Company)	AS 21.22.010(g)(2)
of Alaska Into Industrial)	-
Indemnity Company and)	
Request for Exemption from)	
Filing a Form A Registration)	
Statement)	
)	
INDUSTRIAL INDEMNITY)	
COMPANY OF ALASKA)	
NAIC #21156)	
)	

FINDINGS OF FACT CONCLUSION OF LAW AND ORDER

WHEREAS, a Certificate of Authority #D-0989 was issued on August 1, 1972, to INDUSTRIAL INDEMNITY COMPANY OF ALASKA, an Alaska domiciled property and casualty insurer.

WHEREAS, INDUSTRIAL INDEMNITY COMPANY OF ALASKA is a wholly-owned subsidiary of Fremont Indemnity Company, a California corporation ("FIC"), with the ultimate parent company and controlling person being Fremont General corporation, a Nevada corporation.

WHEREAS, the Alaska Division of Insurance has received a request for approval pursuant to AS 21.69.590 to effect a transaction, pursuant to the terms of which INDUSTRIAL INDEMNITY COMPANY OF ALASKA will be merged with and into Industrial Indemnity Company, a California corporation ("IIC"), with IIC being the surviving entity of that merger.

WHEREAS, INDUSTRIAL INDEMNITY COMPANY OF ALASKA and IIC also seek an exemption from the filing requirements of AS 21.11.010 pursuant to AS 21.22.010(g)(2) with respect to the merger of INDUSTRIAL INDEMNITY COMPANY OF ALASKA with and into IIC.

WHEREAS, THE ALASKA DIVISION OF INSURANCE held a public hearing on January 5, 1999 to take testimony or public comment regarding the proposed merger.

FINDINGS OF FACT

- 1. Under an Agreement of Merger, the INDUSTRIAL INDEMNITY COMPANY OF ALASKA will be merged with and into IIC. IIC will be the surviving insurer. All the issued and outstanding shares of INDUSTRIAL INDEMNITY COMPANY OF ALASKA will be cancelled and all liabilities and assets of INDUSTRIAL INDEMNITY COMPANY OF ALASKA will become assets and liabilities of IIC, the surviving insurer of the Merger. All of INDUSTRIAL INDEMNITY COMPANY OF ALASKA'S will become policyholders of IIC, which is admitted to transact insurance in Alaska. IIC will continue to transact workers' compensation insurance in Alaska following the merger.
- 2. **INDUSTRIAL INDEMNITY COMPANY OF ALASKA** and IIC are members of the same insurance holding company system, of which Fremont General Corporation is the ultimate parent company and controlling person.
- 3. Based on the Agreement of Merger, the merger of INDUSTRIAL INDEMNITY COMPANY OF ALASKA with and into IIC is not contrary to law, is not inequitable to the stockholders of INDUSTRIAL INDEMNITY COMPANY OF ALASKA and would not substantially reduce the security of and service to be rendered to policyholders of INDUSTRIAL INDEMNITY COMPANY OF ALASKA in Alaska or elsewhere.
- 4. No director, officer, agent or employee of **INDUSTRIAL INDEMNITY COMPANY OF ALASKA**, IIC or any other insurer will receive a fee, commission, compensation or other valuable consideration for aiding, promoting or assisting in the Merger except as set out in the plan or agreement and for the regular compensation paid to such individuals in the ordinary course of business.
- 5. **INDUSTRIAL INDEMNITY COMPANY OF ALASKA** is authorized in both Alaska and Washington State, but does not transact insurance in any jurisdiction other than Alaska.

DEPARTMENT OF COMMENT OF COMMENT DEPARTMENT OF COMMENT DIVISION OF INSURANCE DIVISION OF INSURANCE ALASKA 99503-5948 ANCHORAGE, ALASKA 99503-5948 PHONE (907) 269-7800 TDD (907) 465-5437 TS (907) 269-7810 TD (907) 465-5437 TS (907) 269-7810 TD (907) 465-5437 TS (907) 269-7810 TD (907) 465-5437 TS (907) 269-7810 TS

25

1

2

3

4

5

6

7

8

9

10

11

12

13

CONCLUSIONS OF LAW

- 1. Under AS 21.69.590(a), a domestic stock insurer may merge with another domestic or foreign insurer by complying with the applicable provisions of Alaska statute governing mergers. A person planning to merge with a domestic insurer must meet the filing and approval requirements of AS 21.22.010, 21.22.020, and 21.22.030, unless an exemption to filing requirements of AS 21.22.010 applies. AS 21.22.010(g)(2) provides the following exemption from the filing and approval requirements of AS 21.22.010(a): "The provisions of [AS21.22.010] do not apply to... an offer, request, invitation, agreement, or acquisition that the director by order may exempt as not having been made or entered into for the purpose and not having the effect of changing or influencing the control of the domestic insurer." (Emphasis added).
- 2. The Division concludes that an exemption exists to the filing and approval requirements of AS 21.22.010, 21.22.020, and 21.22.030 based on AS 21.22.010(g)(2), because the merger of **INDUSTRIAL INDEMNITY COMPANY OF ALASKA** will not have the effect of "changing or influencing the control' of such domestic insurer as contemplated under AS 21.22.010. **INDUSTRIAL INDEMNITY COMPANY OF ALASKA's** ultimate parent company and controlling person, Fremont General Corporation, will remain the same prior and subsequent to the merger.
- 3. The division also concludes that the plan and agreement for merger of **INDUSTRIAL INDEMNITY COMPANY OF ALASKA** into IIC meets the requirements of AS 21.69.590(b), because it is not contrary to law, is not inequitable to the stockholders of **INDUSTRIAL INDEMNITY COMPANY OF ALASKA**, and would not substantially reduce the security of and service to be rendered to policyholders of **INDUSTRIAL INDEMNITY COMPANY OF ALASKA** in this state or elsewhere.

IT IS HEREBY ORDERED, that the merger of **INDUSTRIAL INDEMNITY COMPANY OF ALASKA** with and into IIC, is exempt under AS 21.22.010(g) from the filing and approval requirements of AS 21.22.010(b), 21.22.020, and 21.22.030 and that the merger is approved under AS 21.69.590.

This order is effective December 31, 1998.

Dated this 12th day of January, 1999 at Anchorage, Alaska.

MARIANNE K. BURKE, DIRECTOR DIVISION OF INSURANCE

Jume Imhi