

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
3601 C STREET, SUITE 1324
ANCHORAGE, ALASKA 99503-5948

Order # H97-02)	Order approving the proposed
)	acquisition and change of control
In the Matter of the Proposed)	under the provisions of AS 21.22.030
Acquisition and Change of)	
Control of)	
)	
INDUSTRIAL INDEMNITY)	
COMPANY OF ALASKA)	
NAIC # 21156)	

FINDINGS OF FACT
CONCLUSION OF LAW AND ORDER

WHEREAS, 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 Industrial Indemnity Holdings, Inc., a Delaware corporation ("Holdings"), which, in turn, is wholly-owned by Talegen Holdings, Inc., a Delaware corporation, with the ultimate controlling person being Xerox Corporation.

WHEREAS, the Alaska Division of Insurance received on June 9, 1997, a Form A Statement Regarding the Acquisition of Control (the "Form A") of INDUSTRIAL INDEMNITY COMPANY OF ALASKA filed by Fremont General Corporation, a Nevada corporation ("FGC"), and Fremont Indemnity Company, a California corporation ("FIC") (FGC and FIC, collectively, the "Acquiring Parties").

WHEREAS, the Acquiring Parties requested approval pursuant to the provisions of Alaska Statute (AS) 21.22.030 of the proposed acquisition of all of the issued and outstanding voting securities of Holdings, which is the immediate parent company of INDUSTRIAL INDEMNITY COMPANY OF ALASKA.

WHEREAS, the Acquiring Parties request nondisapproval of the effectuation of

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

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1 that certain Fourth Amended Reinsurance Pooling Agreement described in that
2 certain Form D Prior Notice of Transaction dated as of June 10, 1997 that was filed
3 with the Alaska Division of Insurance.

4 WHEREAS, pursuant to the provisions of AS 21.22.030, a Notice of Hearing
5 dated June 27, 1997 was published for the purpose of receiving public comments on
6 the proposal acquisition and change in control of INDUSTRIAL INDEMNITY
7 COMPANY OF ALASKA. John M. Talley, Insurance Financial Examiner served as
8 hearing officer. Gloria Glover, Chief Financial Examiner appeared for the Division.
9 Allyson Simpson, Dan Platt and Ronald Groden were present and testified for the
10 Acquiring Parties. Michael Rosenfield, Esq. of Barger & Wolen, appeared on behalf of
11 Acquiring Parties. William Gillett was present and testified on behalf of Talegen
12 Holdings, Inc. No one appeared at the hearing in opposition to the acquisition and
13 change of control.

14 FINDINGS OF FACT

15 1. The Acquiring Parties propose to acquire all of the shares of common stock of
16 Industrial Indemnity Holdings, Inc. and thereby change the control of INDUSTRIAL
17 INDEMNITY COMPANY OF ALASKA pursuant to the Stock Purchase Agreement.

18 A copy of the Stock Purchase Agreement is attached as Exhibit A to the Form A
19 Application.

20 2. The purchase price to be received by Talegen Holdings, Inc. will be \$350
21 million dollars. The agreement was determined by arms' length negotiations and was
22 considered fair and reasonable by all parties.

23 3. The FGC will incur \$140 million in debt to finance the acquisition and change
24 of control. This debt will be serviced by dividends from the normal operations of the
25 insurance operations of its insurance subsidiaries. The acquisition and change of
26 control will not adversely affect the financial condition of INDUSTRIAL INDEMNITY
27 COMPANY OF ALASKA.

28 4. The Acquiring Parties will cause INDUSTRIAL INDEMNITY COMPANY OF
ALASKA to enter into a Fourth Amended Reinsurance Pooling Agreement which will

1 ultimately increase the loss reserves and corresponding assets of the company. The
2 Acquiring Parties have no present plans to make any other material changes in the
3 company's business or to liquidate the company or to sell any of its assets (other than
4 in the ordinary course of business).

5 5. The Division has reviewed the Form A application for the acquisition and
6 change of control of INDUSTRIAL INDEMNITY COMPANY OF ALASKA and has
7 found after reviewing the testimony, exhibits and other documents, that (a) after the
8 acquisition and change of control INDUSTRIAL INDEMNITY COMPANY OF
9 ALASKA will satisfy the requirements for issuance of an certificate of authority to
10 write the line or lines of insurance for which they are presently authorized; (b) the
11 acquisition and change of control will not substantially lessen competition in
12 insurance in Alaska or tend to create a monopoly in the state; (c) the financial
13 condition of the Acquiring Parties will not jeopardize the financial stability of the
14 company or prejudice the interest of its policyholders; (d) the Acquiring Parties plans
15 or proposals are fair and reasonable to the policyholders of the company and are in
16 the public interest; (e) the competence, experience, and integrity of the persons who
17 control the operation of the company after the acquisition and change of control will
18 be in the best interest of the policyholders of the company and the public; and (f) the
19 acquisition and change of control of the company will not be hazardous or prejudicial
20 to the insurance buying public.

21 CONCLUSIONS OF LAW

22 The Acquiring Parties filed the statement required by AS 21.22.030 with the
23 Alaska Division of Insurance. The statement filed under oath by the Acquiring
24 Parties contained the information required by AS 21.22.030.

25 INDUSTRIAL INDEMNITY COMPANY OF ALASKA would be able to
26 continue to satisfy the requirements for the issuance of a license to write the line or
27 lines of insurance for which it is presently licensed as required by AS 21.22.030(a)(1).

28 Pursuant to AS 21.22.030(a)(2), the effect of the acquisition and change of
control would not substantially lessen competition in insurance in the State of Alaska

1 or tend to create a monopoly in the State of Alaska.

2 Pursuant to AS 21.22.030(a)(3), the financial condition of the Acquiring Parties
3 is not such that it might jeopardize the financial stability of INDUSTRIAL
4 INDEMNITY COMPANY OF ALASKA or prejudice the interest of its policyholders or
5 the interests of any remaining security holders who are unaffiliated with the
6 Acquiring Parties.

7 Pursuant to AS 21.22.030(a)(4), the terms of the acquisition are not unfair or
8 unreasonable to the present security holders of INDUSTRIAL INDEMNITY
9 COMPANY OF ALASKA.

10 Pursuant to AS 21.22.030(a)(5), the Acquiring Parties have no plans to
11 liquidate INDUSTRIAL INDEMNITY COMPANY OF ALASKA, sell its assets or
12 consolidate or merge it with any person, or to make any other material change in its
13 business or corporate structure or management which is unfair and unreasonable to
14 policyholders of INDUSTRIAL INDEMNITY COMPANY OF ALASKA and not in the
15 public interest.

16 Pursuant to AS 21.22.030(a)(6), the competence, experience, and integrity of
17 the Acquiring Parties are not such that it would not be in the interest of
18 policyholders of INDUSTRIAL INDEMNITY COMPANY OF ALASKA and of the
19 public to permit the acquisition.

20 **IT IS HEREBY ORDERED**, pursuant to the provisions of AS 21.22.030(a),
21 that the proposed acquisition and change in control of INDUSTRIAL INDEMNITY
22 COMPANY OF ALASKA is approved as filed. And, further, the effectuation of the
23 Fourth Amended Reinsurance Pooling Agreement filed with the Alaska Division of
24 Insurance on Form D is not disapproved.

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1 This Order is effective July 29, 1997.

2 Dated this 29th day of July, 1997 at Anchorage, Alaska.

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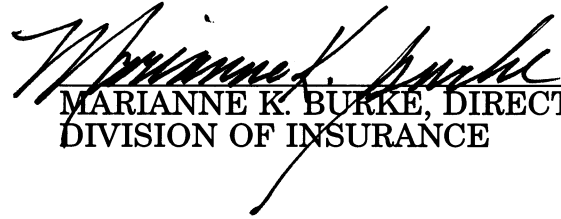
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MARIANNE K. BURKE, DIRECTOR
DIVISION OF INSURANCE