

3 AAC 21.060. Acquisition of control; statement filing; Form A

✦ A person required to file a statement under AS 21.22.010 shall furnish the required information on Form A, made a part of this section in substantially the following form:

FORM A

STATEMENT REGARDING THE ACQUISITION OF CONTROL
OF OR MERGER WITH A DOMESTIC INSURER

SUNDERLAND MARINE MUTUAL INSURANCE COMPANY LIMITED
Name of Domestic Insurer

By
**NORTH OF ENGLAND PROTECTING AND INDEMNITY ASSOCIATION
LIMITED (“North”)**
Name of Acquiring Person (Applicant)

Filed with the Insurance Division/Department of **ALASKA** (State of domicile of
insurer being acquired)

Dated: **14 NOVEMBER, 2013**

Name, Title, Address, and Telephone Number of Individual to Whom
Notices and Correspondence Concerning This Statement Should be
Addressed:

MR C. OWEN
COMPANY SECRETARY
NORTH OF ENGLAND P&I ASSOCIATION LIMITED, THE QUAYSIDE,
NEWCASTLE UPON TYNE, NE1 3DU, UNITED KINGDOM
+44(0)191 2325221

FORM A

ITEM 1. INSURER AND METHODS OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

**SUNDERLAND MARINE MUTUAL INSURANCE COMPANY LIMITED
("SMMI")
SALVUS HOUSE
AYKLEY HEADS
DURHAM
DH1 5TS
UNITED KINGDOM**

Control is to be acquired by the demutualisation of SMMI and the entry of North as the sole member of SMMI.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) State the name and address of the applicant seeking to acquire control over the insurer.

**NORTH OF ENGLAND PROTECTING AND INDEMNITY ASSOCIATION
LIMITED ("North")
THE QUAYSIDE
NEWCASTLE UPON TYNE
NE1 3DU
UNITED KINGDOM**

(b) If the applicant is not an individual, state the nature of its business operations for the past five years or for such lesser period as such person and any predecessors thereof shall have been in existence. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.

Please refer to section 2.1 of the regulatory business plan attached at appendix 1.

(c) Furnish a chart or listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant. No affiliate need be identified if its total assets are equal to less than one-half of one percent of the total assets of the ultimate controlling person affiliated with the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or

specified in such chart or listing indicate the type of organization (e.g., corporation, trust, partnership) and the state or other jurisdiction of domicile. If court proceedings looking toward a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

Please refer to section 2.1.5 of the regulatory business plan attached at appendix 1.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

State the following with respect to (1) the applicant if he is an individual or (2) all persons who are directors, executive officers or owners of 10 percent or more of the voting securities of the applicant if the applicant is not an individual:

(a) Name and business address;

Please refer to the table attached at appendix 2 setting out information in respect of the current directors of the applicant.

(b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on;

Please refer to the table attached at appendix 2 setting out information in respect of the current directors of the applicant.

(c) Material occupations, positions, offices or employment during the last five years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith.

Please refer to the table attached at appendix 2 setting out information in respect of the current directors of the applicant.

(d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case.

The applicant is not aware of any such matters.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding, or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

Please refer to section 2.4 of the regulatory business plan attached at appendix 1.

(b) Explain the criteria used in determining the nature and amount of such consideration.

The amount of the liabilities to be assumed by North has been determined through a feasibility study, financial due diligence and legal due diligence.

(c) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity to remain confidential, he must specifically request that the identity be kept confidential.

Not applicable.

ITEM 5. FUTURE PLANS FOR INSURER

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate such insurer, to sell its assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.

There are no such plans or proposals. Please refer to section 3 of the attached regulatory business plan, which details the proposed post-transaction management structure. As stated in section 3.1.6 of the business plan, it is anticipated that operational changes will be limited to that required to achieve group strategy and KPIs.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer,

request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

The applicant plans to acquire 100% control of SMMI by becoming its sole member. Please refer to section 2.3 of the regulatory business plan at appendix 1 for further information on the proposed steps that will be taken to achieve this change in control.

Please also refer to the draft Framework Agreement at appendix 3, the draft Memorandum of Understanding at appendix 4 and the draft parent company guarantee at appendix 5 for further information on the proposed terms of the transaction. Please note these documents are in draft form and may be subject to further change.

The boards of the applicant and SMMI are of the opinion that the proposed transaction is fair to policyholders of SMMI. For further information about the benefits of the proposal for SMMI policyholders please refer to sections 3.1, 5.3, 5.4 and 5.5 of the regulatory business plan at appendix 1. Consent of SMMI's current members to the proposed acquisition of control will be obtained in accordance with the UK Companies Act 2006.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

Not applicable.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDING WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any persons listed in Item 3 is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies, Such description shall identify the persons with whom such contracts, arrangements or understandings have been entered into.

Not applicable.

ITEM 9. RECENT PURCHASE OF VOTING SECURITIES

Describe any purchases of any voting securities of the insurer made by the applicant, its affiliates or any person listed in Item 3, during the 12 calendar months preceding the filing of this statement. Include in such description the dates

of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether, any such shares so purchased are hypothecated.

Not applicable.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement.

Not applicable.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender, and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

Not applicable.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements and exhibits shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

Please see attached the following at appendix 6:

- **Audited financial statements for the period ended 20 February 2013**
- **Audited financial statements for the period ended 20 February 2012**
- **Audited financial statements for the period ended 20 February 2011**
- **Audited financial statements for the period ended 20 February 2010**
- **Audited financial statements for the period ended 20 February 2009**

(b) The financial statements shall include the annual financial statements of the persons identified in Item 2(c) for the preceding five fiscal years (or for such lesser period as the applicant, its affiliates, and any of its predecessors have been in existence), and similar information covering the period from the end of the person's last fiscal year, if the information is available. The statements may be prepared either on an individual basis, or, unless the director otherwise requires, on a consolidated basis if the consolidated statements are prepared in the usual course of business.

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that the statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer that is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the annual statement of the person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of that state.

If the person identified in Item 2(c) is an individual, a personal financial statement accompanied by an opinion from a certified public accountant is not required. The director will, in the director's discretion, and after notice to the applicant, require that the personal financial statement of the individual be compiled, reviewed, or audited by a certified public accountant if the

(i) individual will have a controlling interest in the domestic insurer by reason of ownership of some of the domestic insurer's shares but not through an intermediate entity;

(ii) individual will have a direct contractual relationship with the domestic insurer other than by being an officer, director, or employee of the domestic insurer;

(iii) domestic insurer will be a guarantor of an obligation of the individual; or

(iv) individual will be directly indebted to the domestic insurer.

(c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto; any proposed employment, consultation, advisory or management contracts concerning the insurer; annual reports to the stockholders of the insurer and the applicant for the last two fiscal years; and any additional documents or papers required by Form A or 3 AAC 21.010 and 3 AAC 21.030.

ITEM 13. SIGNATURE AND CERTIFICATION

Signature and certification are required as follows:

SIGNATURE

Under AS 21.22.010 , the North of England Protecting & Indemnity Association Limited has caused application to be duly signed on its behalf in the City or

Community of Newcastle upon Tyne and State of United Kingdom, on the 14th day of November, 2013.

(SEAL)

North of England Protecting & Indemnity Association Limited
(Name of Applicant)

BY Mr Alan Andrew Wilson, Joint Managing Director
(Name) (Title)

Attest:



(Signature of Officer)

Joint Managing Director
(Title)

CERTIFICATION

The undersigned deposes and says that(s) he has duly executed the attached application dated 14 November, 2013, for and on behalf of the North of England Protecting & Indemnity Association Limited; that(s) he is the Joint Managing Director of the company and that(s) he is authorized to execute and file the instrument. Deponent further says that(s) he is familiar with the instrument and the contents of it, and that the facts stated in it are true to the best of his/her knowledge, information, and belief.

(Signature)



(Type or print name below)
Mr Alan Andrew Wilson

⊕ **History:** Eff. 6/30/77, Register 62; am 10/21/92, Register 124

⊕ **Authority:** AS 21.06.090

AS 21.22.130