

**STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE**

IN RE:

PROPOSED CHANGE IN CONTROL OF
PATRIOT INSURANCE COMPANY

Docket No. INS-22-400

**ORDER APPROVING
REQUEST FOR
EXEMPTION**

On May 6, 2022, Frankenmuth Mutual Insurance Company (FMIC) filed notice with the Superintendent that FMIC has requested approval by the Michigan Department of Insurance and Financial Services for a Plan of Reorganization to establish a mutual holding company. Patriot Insurance Company (Patriot), a Maine domestic insurer, is a wholly-owned stock subsidiary of FMIC.

The transaction was approved by Michigan's Director of Insurance and Financial Services on June 16, 2022, and I am hereby approving the resulting change in control of Patriot. Effective January 1, 2023, FMIC will become a wholly-owned second-tier stock subsidiary of the new mutual holding company, which will make Patriot a wholly-owned third-tier subsidiary of the new mutual holding company. No change in the management or operations of FMIC or Patriot is contemplated.

In its May 6 filing, FMIC requested an exemption from the "Form A" approval process for changes of control, pursuant to 24-A M.R.S. § 222(4-C)(D)(1), which authorizes the Superintendent to grant an exemption "from some or all of [the filing and hearing] requirements if the person demonstrates to the satisfaction of the superintendent that an exemption will not be detrimental to the interests of policyholders in the State or the public and that the ... interests of the State in regulating the transaction are minimal relative to the interests of other jurisdictions or are minimal relative to the impact of the transaction as a whole."

For good cause shown, I am granting the exemption request. While the ultimate controlling person of Patriot will change from FMIC to the newly formed mutual holding company, the change has no material impact on Patriot or its policyholders in the circumstances of this transaction. FMIC following its conversion will still own 100% of Patriot's shares. The members who currently own FMIC will become the members who own the new ultimate parent company of FMIC and Patriot. There is no change in the organizational structure of the insurers within the Frankenmuth holding company system.

As the domiciliary regulator of the reorganizing mutual insurer, Michigan has primary authority over this transaction. However, there is one unique aspect of the FMIC-Patriot

relationship that is particularly important to Maine. Before its 2007 acquisition by Frankenmuth, Patriot was a mutual insurer. FMIC then became Patriot's mutual holding company through a conversion and merger, and policyholders with in-force coverage by Patriot became members of FMIC, on an equal footing with FMIC's own policyholders. This creates a "grandfathered" class of Patriot policyholders whose coverage began while Patriot was still a mutual insurer. The Plan of Reorganization preserves their membership rights by making them members of the new mutual holding company, just like FMIC's policyholders.

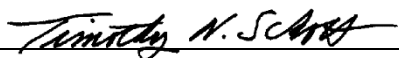
I therefore find that the impact of this transaction on Patriot and its policyholders is minimal relative to the transaction as a whole, and that it complies with the requirements of the Maine Insurance Holding Company Act as set forth at 24-A M.R.S. § 222(7)(A). The transaction as a whole is a mutual holding company reorganization, which has been reviewed and approved by the domiciliary regulator. The impact on FMIC's subsidiaries, including Patriot, is incidental to the impact of the reorganization. My staff and I have reviewed the materials submitted by FMIC, which has been cooperative with all requests for information, along with the record of the Michigan reorganization proceedings. Sufficient information has been submitted for review of the transaction. The terms of the transaction would not tend to adversely affect Patriot's contractual obligations or its ability and tendency to render service in the future to its policyholders and the public. I therefore grant the exemption from further review and approve the transaction.

NOTICE OF HEARING RIGHTS

This Order is an agency action of the Superintendent of Insurance taken without a hearing pursuant to 5 M.R.S. § 9053(1). It is not directly appealable to Superior Court. Within 30 days after receiving notice of this Order, any aggrieved person whose interests are directly and substantially affected by this Order may request an adjudicatory hearing before the Superintendent in the manner provided in 24-A M.R.S. § 229(3). A request for hearing does not trigger an automatic stay; an application for stay may be made in the manner provided in 5 M.R.S. § 11004. If no timely request for hearing is filed, this Order will become final upon expiration of the 30-day period, with no rights of appeal for judicial review. See 24-A M.R.S. § 236.

PER ORDER OF:

June 21, 2022



TIMOTHY N. SCHOTT
Acting Superintendent of Insurance