

IN THE MATTER OF:
FORM A STATEMENT REGARDING THE ACQUISITION OF
CONTROL OF

Concord General Mutual Insurance Company
and its affiliated insurance companies:
New Hampshire – Bow Mutual Fire Insurance Company,
Sunapee Mutual Fire Insurance Company, Weare Mutual
Insurance Company
Maine – State Mutual Insurance Company
Vermont – Green Mountain Insurance Company,
Vermont Accident Insurance Company

by

Auto-Owners Insurance Company.

ORDER AFTER CONSOLIDATED HEARING
New Hampshire Docket No: INS 16-037-AP
See also: Maine Docket No. INS 16-402

PROCEDURAL HISTORY

On December 16, 2016, Auto-Owners Insurance Company (“Auto-Owners” or the “Applicant”) submitted a Form A Statement (the Application). The Applicant also filed applications in Maine and Vermont.

The Applicant seeks approval for the acquisition of control of Concord General Mutual Insurance Company, a New Hampshire-domiciled insurance company, and all its affiliates and subsidiaries, including: New Hampshire domiciled companies Bow Mutual Fire Insurance Company, Sunapee Mutual Fire Insurance Company, and Weare Mutual Insurance Company; Maine domiciled company State Mutual Insurance Company; and two Vermont domiciled companies, Green Mountain Insurance Company and Vermont Accident Insurance Company (collectively, the “Insurers”). The Applicant seeks to acquire control of the Insurers by entering an affiliation agreement with Concord General Mutual Insurance Company.

On February 10, 2017, pursuant to NH RSA 401-B:3,VI(c), the Applicant requested the public hearing on its Application be held on a consolidated basis, permitting the participation of other state regulators, and in accordance with NH RSA 401-B:3,VI(c) the Applicant filed the required statement, within 5 days of its Application, with the National Association of Insurance Commissioners.

After notification of the request for a hearing on a consolidated basis, Eric A. Cioppa, Superintendent of Insurance from the State of Maine where State Mutual Insurance Company is domiciled, elected to participate in the review of the Application on a consolidated basis pursuant to authority granted under Maine law. See *Order Regarding Consolidated Proceeding* issued by Superintendent Cioppa on February 17, 2017.

A consolidated public hearing on the proposed acquisition of control was held on March 15, 2017, at 9:00 am at the New Hampshire Insurance Department, 21 South Fruit Street, Suite 14, Concord, NH 03301. The Applicant's Form A Statement, together with amendments, exhibits, and written and oral testimony, are part of the record, together with written and oral testimony by the Department and the Insurers.

CONSOLIDATED FINDINGS OF FACT

Based on the testimony and exhibits presented at the hearing:

1. On February 13, 2017, the New Hampshire Insurance Department notified the Applicant and Concord General Mutual Insurance Company pursuant to the provisions of RSA 400-A:17 and 18 and RSA 401-B:3, VI, of the scheduling of the Hearing on March 15, 2017.
2. The Department published timely notice of the public hearing in the New Hampshire Union Leader and the Concord Monitor on March 1, 2017 and March 8, 2017, in accordance with RSA 401-B:3,VI(b).
3. Eric Cioppa, Superintendent of Insurance for the State of Maine, through his designees, participated in the hearing conducted on a consolidated basis pursuant to authority under Maine law, 24-A M.R.S. section 222(7-A)(D), and New Hampshire law, NH RSA 401-B:3, IV(c).

4. Auto-Owners is a mutual insurance company domiciled in the State of Michigan with 5 direct insurance subsidiaries: Auto-Owners Life Insurance Company, Home-Owners Insurance Company, Owners Insurance Company, Property-Owners Insurance Company, and Southern-Owners Insurance Company.
5. Auto-Owners' property and casualty companies are rated A++ (Superior) by A.M. Best Company, and Auto-Owners Life Insurance Company is rated A+ (Superior) by A.M. Best.
6. Auto-Owners currently sells property and casualty insurance, and life, health and annuity insurance in 26 states, but does not sell insurance in the states where the Insurers write business, except on an excess and surplus lines basis. Auto-Owners writes its business through more than 6,200 independent agencies.
7. Concord General Mutual Insurance Company is a mutual insurance company domiciled in New Hampshire, and is affiliated through management agreements with Bow Mutual Fire Insurance Company, Sunapee Mutual Fire Insurance Company, Weare Mutual Insurance Company, State Mutual Insurance Company, Green Mountain Insurance Company, and Vermont Accident Insurance Company.
8. The Applicant will acquire control of the Insurers through an Affiliation Agreement. No funds or consideration will be paid in connection with the Affiliation Agreement.
9. The parties will enter into a Management Services Agreement whereby the Applicant will provide management services to the Insurers.
10. The parties will also enter into a Reinsurance Agreement pursuant to which Auto-Owners will reinsure the business of the Insurers on an excess basis until the Insurers' current reinsurance contracts expire, after which Auto-Owners will become the primary reinsurer for the Insurers.
11. The Reinsurance Agreement also provides adverse loss development reinsurance to the Insurers to eliminate the potential risk of adverse loss development. The Insurers' current reinsurance arrangements do not provide this coverage.
12. The Boards of Directors of the Applicant and the Insurers approved the proposed Affiliation Agreement, Reinsurance Agreement, and Management Services Agreement.
13. The policyholders of the Insurers, voting by proxy or attending a special meetings of the policyholders, approved the Affiliation and voted for new combined Boards of Directors.

14. After the acquisition of control, the Insurers will continue to be qualified to write the lines of insurance for which each is presently licensed.
15. The acquisition of control will not substantially lessen competition in insurance or tend to create a monopoly therein.
16. The financial condition of the Applicant will not jeopardize the financial stability of the Insurers or prejudice the interest of their policyholders or of any security holders who are not affiliated with the Applicant.
17. The Applicant has no plans to liquidate any of the Insurers, or sell the assets of any Insurer or consolidate or merge any Insurer, or to make any other material changes in the Insurers' business or corporate structure or management which are unfair or unreasonable to policyholders of the Insurers or not in the public interest.
18. There is no evidence as to the competence, experience, and integrity of those persons who would control the operation of the Insurers, such that it would not be in the interest of policyholders of the Insurers and of the public, to permit the acquisition of control; nor is the competence, experience, and integrity of those persons who would control the operation of the Insurers such that it would not be in the interest of the policyholders or the public to permit the acquisition of control.
19. The acquisition of control is unlikely to be hazardous or prejudicial to the insurance buying public. The acquisition of control will provide the Insurers with the ability to both service existing policyholders and expand offerings in other lines, such as commercial property and casualty insurance products. The greatest area of anticipated growth is in commercial lines, where the Applicant's experience is expected to assist the Insurers in expanding their sales throughout New England. While the Insurers' business mix will change, this change is not unfair or prejudicial to policyholders or against the public interest, but will benefit consumers.

CONCLUSIONS OF LAW and ORDER

The New Hampshire Holding Company Act, RSA 401-B:3, provides that I shall approve any merger or other acquisition of control unless, after a public hearing, I find that one or more of six conditions exist as described in RSA 401-B:3,VI(a). Based on the totality of the evidence in the record and

factual findings as described above, I find that none of the six disqualifying conditions exists, and accordingly, it is hereby ORDERED that the acquisition of control of Concord General Mutual Insurance Company and the other Insurers subject to this Order, as described in the Application, is APPROVED.

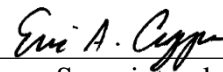
SO ORDERED,



Roger A. Sevigny, Commissioner

Dated: March 28, 2017

The undersigned Eric Cioppa, Superintendent of Insurance for the State of Maine, has participated in this matter, conducted on a consolidated basis pursuant to authority under Maine law, 24-A M.R.S. section 222(7-A)(D), and in accordance with New Hampshire law, NH RSA 401-B:3, IV(c). Superintendent Cioppa concurs in the factual findings and with the above Order.



Eric A. Cioppa, Superintendent of Insurance

Dated: March 28, 2017