

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC
DEVELOPMENT
DIVISION OF INSURANCE

550 W. 7th AVENUE, SUITE 1560
ANCHORAGE, ALASKA 99501-3567

Order No. RO 23-02)
In the Matter of the Proposed)
Merger of)
ALASKA TIMBER INSURANCE,)
INC.)
NAIC NO. 38687)
With and Into)
FREEDOM ADVANTAGE)
INSURANCE COMPANY)
NAIC NO. 11831)
_____)

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND FINAL ORDER

BACKGROUND

WHEREAS, on July 31, 2023, FREEDOM ADVANTAGE INSURANCE COMPANY, a Pennsylvania domiciled property and casualty insurer, submitted to the State of Alaska, Division of Insurance a Statement Regarding the Acquisition

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC
DEVELOPMENT
DIVISION OF INSURANCE
550 W. 7th AVENUE, SUITE 1560
ANCHORAGE, ALASKA 99513-3567
PHONE: (907) 269-7900

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

1 of Control or Merger with, requesting approval of a proposed merger between
2 FREEDOM ADVANTAGE INSURANCE COMPANY and ALASKA TIMBER
3 INSURANCE, INC.
4

5 **WHEREAS**, ALASKA TIMBER INSURANCE, INC., is an Alaska
6 domiciled property and casualty insurer organized pursuant to Title 21, Chapter 69
7 (Organization and Corporate Procedures), of the Alaska Statutes. ALASKA
8 TIMBER INSURANCE, INC. was organized on March 11, 1980, and received a
9 Certificate of Authority F-1272 from the division effective March 28, 1980,
10 authorizing ATI to transact the business of a property and casualty insurer.
11

12 **WHEREAS**, FREEDOM ADVANTAGE INSURANCE COMPANY is a
13 Pennsylvania domiciled property and casualty insurer. FREEDOM ADVANTAGE
14 INSURANCE COMPANY was organized on June 24, 2023. It is wholly owned by
15 its parent company, Wilmington Insurance Company, a Delaware domiciled
16 insurer. Wilmington Insurance Company was organized on July 30, 1895, and
17 commenced business as a domiciled licensed insurer on February 9, 1989.
18 Wilmington Insurance Company is part of the Gearson Holding Group of insurers.
19

20 **WHEREAS**, ALASKA TIMBER INSURANCE, INC., and FREEDOM
21 ADVANTAGE INSURANCE COMPANY propose to merge ALASKA TIMBER
22 INSURANCE, INC., with and into FREEDOM ADVANTAGE INSURANCE
23 COMPANY. All the issued and outstanding shares of ALASKA TIMBER
24 INSURANCE, INC. will be cancelled and all liabilities and assets of ALASKA
25 TIMBER INSURANCE, INC. will become assets and liabilities of FREEDOM
26 ADVANTAGE INSURANCE COMPANY. Upon completion of the transaction
27
28
29

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

ALASKA TIMBER INSURANCE, INC.’s certificate of authority F-1272 will be surrendered to the director.

WHEREAS, On July 31, 2023, FREEDOM ADVANTAGE INSURANCE COMPANY filed a Form A: Statement Regarding the Acquisition of Control or Merger with, a Domestic Insurer with the Alaska Division of Insurance, requesting approval of the proposed merger. The Alaska Division of Insurance performed a statutory review of the Form A filing and determined that the filing contained all the information and documentation required to be included therein.

WHEREAS, under the authority of AS 21.06.180 and AS 21.22.030, a Notice of Hearing, H 23-03, dated October 31, 2023, was published for the purpose of receiving public comments on the proposed merger of ALASKA TIMBER INSURANCE, INC. The public hearing was convened in the William Egan Room, Room 106, first floor at the Atwood Building, Anchorage, Alaska at 2:00 pm on November 21, 2023. The hearing was available for electronic access and remained open until 3:00 pm. No person chose to offer comment or testimony. There were nine attendees – Bill Allen, CFO of FAIC, William Nutt, CEO of FAIC, Steve Novak, Consultant for FAIC, Matt Cobel, Legal Counsel for FAIC, Caryn Kaufman, Outside Counsel for ATI, Linda Lewis, Management Committee for ATI, Bob Hume, Legal Counsel for ATI, and David Gearhart, Partner of Wilmington Holdings GP, LLC. supporting approval of the Form A. No person testified against the approval of the Form A. At 3:00 pm, Chief Financial Examiner, David Phifer, recessed the public hearing, stating that written statements

1 concerning the Form A would still be accepted by the Division of Insurance until
2 November 30, 2023. No written comments were subsequently received.
3

4
5 FINDINGS OF FACT

6 1. ALASKA TIMBER INSURANCE, INC. is an Alaska domiciled property and
7 casualty insurer organized pursuant to Title 21, Chapter 69 (Organization and
8 Corporate Procedures), of the Alaska Statutes. ALASKA TIMBER INSURANCE,
9 INC was organized on March 11, 1980. ALASKA TIMBER INSURANCE, INC
10 received a Certificate of Authority from the division effective March 28, 1980,
11 authorizing ALASKA TIMBER INSURANCE, INC to transact the business of a
12 property and casualty insurer.
13

14 2. FREEDOM ADVANTAGE INSURANCE COMPANY is a Pennsylvania
15 domiciled property and casualty insurer. FREEDOM ADVANTAGE
16 INSURANCE COMPANY was organized on June 24, 2023. It is wholly owned by
17 its parent company, Wilmington Insurance Company, a Delaware domiciled
18 insurer. Wilmington Insurance Company was organized on July 30, 1895.
19

20 3. Under an Agreement of Merger, ALASKA TIMBER INSURANCE, INC. will
21 be merged with and into FREEDOM ADVANTAGE INSURANCE COMPANY.
22 All the issued and outstanding shares of ALASKA TIMBER INSURANCE, INC.
23 will be cancelled and all liabilities and assets of ALASKA TIMBER INSURANCE,
24 INC. will become assets and liabilities of FREEDOM ADVANTAGE
25 INSURANCE COMPANY. Upon completion of the transaction ALASKA
26
27
28
29

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

TIMBER INSURANCE, INC.’s certificate of authority F-1272 will be surrendered to the director.

4. Based on the Agreement of Merger, the merger of ALASKA TIMBER INSURANCE, INC. with and into FREEDOM ADVANTAGE INSURANCE COMPANY is not contrary to law, is not inequitable to the shareholders of ALASKA TIMBER INSURANCE, INC. and would not substantially reduce the security of and service to be rendered to policyholders of FREEDOM ADVANTAGE INSURANCE COMPANY. ALASKA TIMBER INSURANCE, INC and FREEDOM ADVANTAGE INSURANCE COMPANY had their respective boards vote and approve of the merger.

5. On July 31, 2023, FREEDOM ADVANTAGE INSURANCE COMPANY filed a Form A Statement Regarding the Acquisition of Control or Merger With, a Domestic Insurer with the DOI requesting approval of the proposed merger. The DOI performed a statutory review of the Form A filing and on October 27th, 2023, determined that the filing contained all the information and documentation required to be included therein.

6. The merger plans for ALASKA TIMBER INSURANCE, INC. to be merged into FREEDOM ADVANTAGE INSURANCE COMPNAY. Upon completion of the transaction ALASKA TIMBER INSURANCE, INC. will cease to exist.

7. Under the authority of AS 21.06.180 and AS 21.22.030, a Notice of Hearing, H 23-03, dated October 31, 2023, was published for the purpose of receiving public comments on the proposed merger of ALASKA TIMBER INSURANCE, INC.

1 8. A hearing on the proposed merger was convened in the William Egan Room,
2 Room 106, first floor at the Atwood Building, Anchorage, Alaska at 2:00 pm on
3 November 21, 2023. No person chose to offer comment or testimony. There were
4 nine attendees – Bill Allen, CFO of FAIC, William Nutt, CEO of FAIC, Steve
5 Novak, Consultant for FAIC, Matt Cobel, Legal Counsel for FAIC, Caryn
6 Kaufman, Outside Counsel for ATI, Linda Lewis, Management Committee for
7 ATI, Bob Hume, Legal Counsel for ATI, and David Gearhart, Partner of
8 Wilmington Holdings GP, LLC. supporting approval of the Form A. No person
9 testified against the approval of the Form A. At 3:00 pm, Chief Financial Examiner,
10 David Phifer, recessed the public hearing, stating that written statements
11 concerning the Form A would still be accepted by the Division of Insurance until
12 November 30, 2023. No written statements were subsequently received.
13
14
15

16 9. The Division has reviewed the Form A Statement Regarding the Acquisition of
17 Control or Merger with, a Domestic Insurer and has found after reviewing the
18 information and documentation provided in support of the proposed transaction,
19 that
20

21 (a) upon completion of the transaction ALASKA TIMBER INSURANCE,
22 INC's certificate of authority F-1272 will be surrendered to the director;

23 (b) the merger will not substantially lessen competition in insurance in Alaska
24 or tend to create a monopoly in the state;

25 (c) FREEDOM ADVANTAGE INSURANCE COMPANY plans or
26 proposals are fair and reasonable to the policyholders and are in the public
27 interest;
28
29

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(d) there is no evidence that competence, experience, and integrity of the persons who will control the operation of FREEDOM ADVANTAGE INSURANCE COMPANY are such that it would be against the interests of policyholders of the remaining claims and the public to allow the merger; and (e) there is no evidence the merger would be hazardous or prejudicial to the insurance-buying public.

10. The Notice of Hearing was published in this matter 21 days in advance of the hearing in compliance with the requirements AS 21.22.030. The notice invited any interested person to present at the hearing oral or written statements or arguments relevant to the director’s consideration of the proposed merger. The notice also allowed for written statements or arguments to be sent to the division on or before November 30, 2023. The division has received no responses to the Notice of Hearing and has received no communications about any concerns or objections from the public regarding the proposed transaction.

CONCLUSIONS OF LAW

1. FREEDOM ADVANTAGE INSURANCE COMPANY, the acquiring party for the merger, filed the statement required by AS 21.22.010 with the Alaska Division of Insurance. The statement filed under oath by the acquiring party contained all information for proper determination of approval required by AS 21.22.010, AS 21.22.020, and AS 21.22.030.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

2. In reviewing the Form A filing and supporting documentation, the Division has found no basis to disapprove the proposed transaction under AS 21.22.030(a) because:

- (a) after the merger, ALASKA TIMBER INSURANCE, INC.'s certificate of authority F-1272 will be surrendered to the director;
- (b) the merger will not substantially lessen competition in insurance in Alaska or tend to create a monopoly in the state;
- (c) the financial stability of the surviving entity will not jeopardize the financial stability of the property and casualty insurer or prejudice the interests of its policyholders;
- (d) the surviving entity's plans or proposals are fair and reasonable to the policyholders and are in the public interest;
- (e) there is no evidence that competence, experience, and integrity of the persons who will control the operation of FREEDOM ADVANTAGE INSURANCE COMPANY are such that it would be against the interests of policyholders and the public to allow the merger;
- (f) FREEDOM ADVANTAGE INSURANCE COMPANY is exempt from needing a certificate of authority in Alaska to service existing claims lawfully written in the state under AS 21.09.020(1); and
- (g) there is no evidence the merger would be hazardous or prejudicial to the insurance-buying public.

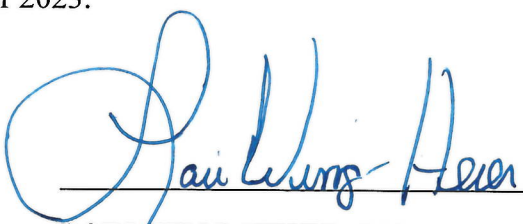
ORDER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

IT IS HEREBY ORDERED, pursuant to the provisions of AS 21.22.030(a), that the plan for merger of ALASKA TIMBER INSURANCE, INC, an Alaska domiciled property and casualty insurer with FREEDOM ADVANTAGE INSURANCE COMPANY, a Pennsylvania domiciled property and casualty insurer, is APPROVED as filed, and that the Agreement and Plan for Merger be effectuated.

This Order is effective the 27th day of December 2023, IT IS FURTHER ORDERED, that ALASKA TIMBER INSURANCE, INC and FREEDOM ADVANTAGE INSURANCE COMPANY shall file with the State of Alaska Division of Insurance a copy of all final documents pertaining to the Agreement and Plan of Merger and any board resolutions or additional approvals regarding the Agreement and Plan of Merger which are necessary to effectuate the merger.

Dated this 27th day of December 2023.



LORI WING-HEIER, DIRECTOR
DIVISION OF INSURANCE