

BEFORE THE INSURANCE COMMISSIONER OF THE  
STATE OF OKLAHOMA

**FILED**

JUL 25 2014

IN RE: Request for Disclaimer of Affiliation )  
by Catlin Re Switzerland Ltd., )  
Bermuda Branch, Relating to ) Case No. 14-0385-TRN  
Oklahoma Specialty Insurance )  
Company, a Domestic Oklahoma )  
Insurer )

INSURANCE COMMISSIONER  
OKLAHOMA

**ORDER ALLOWING DISCLAIMER OF INTEREST UPON APPLICANT MEETING  
CERTAIN CONDITIONS**

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, and makes the following findings of fact, conclusions of law and orders relating to the request of Catlin Re Switzerland Ltd., Bermuda Branch (“Catlin Re”) to disclaim an interest in Oklahoma Specialty Insurance Company (“the Domestic Insurer”):

**JURISDICTION**

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma (“the Insurance Commissioner”) and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq. Under 36 O.S. §§ 1651 and 1654 (i), the Insurance Commissioner has the authority to review and allow or disallow requests for disclaimers of interest as a “control person” as that term is defined and used in 36 O.S. § 1651. Under this Section of the Oklahoma Insurance Code, a person or entity is deemed to have “control” of an Oklahoma domestic insurer if it owns, directly or indirectly, 10% or more of such insurer.

2. The Domestic Company is an insurer authorized to conduct business in the State of Oklahoma pursuant to Certificate of Authority Number 0401 (NAIC CoCode 14175).

3. The Domestic Insurer is a wholly-owned subsidiary of The Westaim Corporation and therefore belongs to an insurance company holding system.

## **FINDINGS OF FACT**

1. Catlin (the “Applicant”) is the Bermuda branch of Catlin Re Switzerland Ltd., a Swiss reinsurance company regulated by the Swiss Financial Market Supervisory FINMA. The Applicant acquired a limited partnership interest of approximately 16.33% in the Westaim HIIG Limited Partnership (LP), resulting in an 11.56% interest in Houston International Insurance Group (HIIG). Westaim HIIG GP, Inc. is the general partner to the Westaim HIIG Limited Partnership. The Westaim Corporation acquired the Domestic Insurer in connection with the acquisition of the Domestic Insurer’s parent company Houston International Insurance Group (HIIG). The Westaim HIIG Limited Partnership owns 70.8% of HIIG.

2. The limited partnership agreement grants general partner Westaim HIIG GP, Inc. full control of the Westaim HIIG Limited Partnership and prohibits Applicant from directing, managing or supervising the business activities of the Westaim HIIG Limited. In addition, doing so will violate the Province of Ontario laws governing the limited partnership agreement.

3. The Applicant’s position is an investment position and not operational nor made for the purpose of seeking to manage or direct HIIG’s business of insurance. The Applicant does have limited voting rights, certain preemptive rights to purchase additional limited partnership interest for sale and certain redemption rights.

4. If Applicant exercises its preemptive right to purchase shares of any additional partnership interests offered for sale and another limited partner declines to purchase their pro rata shares or purchases less than their allotment, that offering will be offered to other existing partners. As a result, the Applicant’s initial 16.33% interest in ownership may increase over time.

## CONCLUSIONS OF LAW

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq. Under 36 O.S. §§ 1651 and 1654 (i), the Insurance Commissioner has the authority to review and allow or disallow requests for disclaimers of interest as a "control person" as that term is defined and used in 36 O.S. § 1651. Under this Section of the Oklahoma Insurance Code, a person or entity is deemed to have "control" of an Oklahoma domestic insurer if it owns, directly or indirectly, 10% or more of such insurer.

2. Title 36, Section 1651(c) of the Oklahoma statutes states:

(c) Control. The term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns controls, holds with the power to vote, or holds proxies representing ten percent (10%) or more of the voting securities of any other person. This presumption may be rebutted by a showing that control does not exist in fact in the manner provided in Section 4(i). The Commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support such determination, that control exists in fact, notwithstanding the absence of a presumption to that effect.

3. The burden of proof is on the person or entity disclaiming control. O.A.C. 365:25-7-29(e) (1).

4. The Insurance Commissioner finds the Oklahoma statutory presumption of control is and will be rebutted in this circumstance if the Applicant now and in the future meets the following conditions:

a. **Does not purchase the common or preferred stock of the Domestic Insurer;**

- b. **Does not use any direct or indirect means to cause the direction, or attempt to direct or cause the direction of the management policies of the Domestic Insurer;**
- c. **Remains a passive investor during the initial five year term of the limited partnership agreement and thereafter;**
- d. **Provides notification to the Commissioner in the event Applicant's initial interest ownership of 16.33% in the Westaim HIIG Limited Partnership increases in percentage for any type of reason in the future.**

5. Upon review of said notification, if the Commissioner finds the Oklahoma statutory presumption of control does exist due to the increased percentage amount, the Commissioner may disallow Applicant's disclaimer of interest and require Applicant to file a Form A Change of Control in Oklahoma.

**ORDER**

**IT IS THEREFORE ORDERED** that the instant request for disclaimer of affiliation by Catlin Re Switzerland Ltd., Bermuda Branch with the Domestic Insurer is allowed pursuant to Catlin Re meeting and continuing to observe the following conditions:

- a. **Does not purchase the common or preferred stock of the Domestic Insurer;**
- b. **Does not use any direct or indirect means to cause the direction, or attempt to direct or cause the direction of the management policies of the Domestic Insurer;**
- c. **Remains a passive investor during the initial five year term of the limited partnership agreement and thereafter;**
- d. **Provides notification to the Commissioner in the event Applicant's initial interest ownership of 16.33% in the Westaim HIIG Limited Partnership increases in percentage for any type of reason in the future.**

**IT IS FURTHER ORDERED** that upon review of said notification, if the Commissioner finds the Oklahoma statutory presumption of control does exist due to the

increased percentage amount, the Commissioner may disallow Applicant's disclaimer of interest and require Applicant to file a Form A Change of Control in Oklahoma.

WITNESS My Hand and Official Seal this 25<sup>th</sup> day of July, 2014.



A handwritten signature in black ink that reads "James A. Mills". The signature is written in a cursive style with a long, sweeping tail on the letter "s".

---

JAMES MILLS  
Chief of Staff  
Oklahoma Insurance Department

**CERTIFICATE OF MAILING**

I, Julie Meaders, hereby certify that a true and correct copy of the above foregoing document was mailed postage prepaid with return receipt requested on this 25<sup>th</sup> day of July, 2014 to:

Leah Campbell, Esq.  
Wilkie Farr & Gallagher  
787 Seventh Avenue  
New York, NY 10019

Certified Mail No.  
7001 0320 0004 4249 4367

J. Angela Ables  
201 Robert S. Kerr Ave., Suite 600  
Oklahoma City, Oklahoma 73102

Certified Mail No.  
7001 0320 0004 4249 4374

and a copy was delivered to:

John McCarter  
Chief Financial Analyst  
Oklahoma Insurance Department Financial and Examination Division



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Julie Meaders  
Deputy General Counsel

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Wilkie Farr & Gallagher  
 ATTN: Leah Campbell, Esq.  
 787 Seventh Ave.  
 New York, NY 10019  
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**AUG 01 2014**

Legal Division

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Kerr, Irvine, Rhodes and Ables, P.C.  
 ATTN: J. Angela Ables, Esq.  
 201 Robert S. Kerr Ave., Suite 600  
 Oklahoma City, OK 73102-4267  
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OKLAHOMA INSURANCE DEPARTMENT

JUL 30 2014

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 201 Robert S. Kerr Ave., Suite 600  
 Oklahoma City, OK 73102-4267  
 rlg/14-0385-TRN/Ord. Allowing Disc.

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*Cadence Chapman*

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Legal Division

3. Service Type  
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4. Restricted Delivery? (Extra Fee)  Yes

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