

BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA

FILED

JUL 25 2014

INSURANCE COMMISSIONER
STATE OF OKLAHOMA

IN RE: Request for Disclaimer of)
 Affiliation By CI Investments,)
 Inc., Relating to Oklahoma) Case No. 14-0390-TRN
 Specialty Insurance Company,)
 a domestic Oklahoma Insurer)

**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 CI Investments, Inc. 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. The Westaim Corporation filed a Change of Control Form A filing with the Oklahoma Insurance Department on March 24, 2014, to acquire the Domestic Insurer in connection with the acquisition of the Domestic Insurer's parent company Houston International Insurance Group Ltd. (HIIG). The Department approved the acquisition on July 23rd, 2014.

2. Prior to the acquisition, CI Investments, Inc. (the "Applicant") held 14.7% of Westaim's common shares through Canadian mutual funds managed by Applicant, with portfolio advisory service provided by business units of the Applicant or an affiliate of the Applicant. The Applicant, on behalf of the mutual funds it manages, will participate in the Westaim offering of new shares which will result in the mutual funds together holding approximately 16.0% of the total outstanding shares of Westaim following the completion of the Westaim offering.

3. The Applicant purchased shares in Westaim as manager of the mutual funds for investment purposes only. The mutual funds will continue to be passive investors and do not intend to exercise any control over Westaim. Although the Applicant has the rights and obligations to vote the shares of Westaim, as manager of the mutual funds it is required, under applicable Canadian law and under a management agreement with the mutual funds, to exercise its powers and authorities and to carry out its functions as manager honestly and in good faith and with a view to the best interests of each mutual fund and its security owners.

4. The Applicant has no right to elect or appoint directors; effect changes to operations or business plans; or otherwise control the Domestic Insurer. There are no relationships between the Applicant and the Domestic Insurer.

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. Post acquisition, the Applicant will own, control or hold a discretionary right to vote 16% of the outstanding voting stock of Westaim. The Applicant states it does not intend to change or influence control of the Domestic Insurer, but instead owns shares of Westaim only for investment purposes.

5. 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 vote, directly or indirectly, or by proxy, with respect to any matter presented to the shareholders of the Domestic Insurer;**
- b. **Does not purchase the common or preferred stock of the Domestic Insurer other than solely for investment purposes, and not for the purposes of acquiring or seeking to acquire control over the Domestic Insurer;**
- c. **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;**
- d. **Does not propose a director or slate of directors in opposition to a nominee or slate of nominees proposed by the management or the Board of Directors of the Domestic Insurer; and**
- e. **Does not to seek or accept representation on the Board of Directors of the Domestic Insurer.**
- f. **Provides notification to the Commissioner in the event Applicant's 16.0% of the total outstanding shares of Westaim increases in percentage for any type of reason in the future.**

6. 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 CI Investments, Inc. with the Domestic Insurer is allowed pursuant to CI Investments meeting and continuing to observe the following conditions:

- a. Does not vote, directly or indirectly, or by proxy, with respect to any matter presented to the shareholders of the Domestic Insurer;
- b. Does not purchase the common or preferred stock of the Domestic Insurer other than solely for investment purposes, and not for the purposes of acquiring or seeking to acquire control over the Domestic Insurer;
- c. 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;
- d. Does not propose a director or slate of directors in opposition to a nominee or slate of nominees proposed by the management or the Board of Directors of the Domestic Insurer; and
- e. Does not to seek or accept representation on the Board of Directors of the Domestic Insurer.
- f. Provides notification to the Commissioner in the event Applicant's 16.0% of the total outstanding shares of Westaim increases in percentage for any type of reason in the future.

IT IS FURTHER ORDER 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 25th day of July, 2014.



A handwritten signature in cursive script that reads "James A. Mills".

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 25th day of July, 2014 to:

Elsa Li, Senior Legal Counsel
CI Investments, Inc.
2 Queen Street East, Twentieth Floor
Toronto, Ontario M5C 3G7, Canada

Certified Mail No.
7001 0320 0004 4249 4329

J. Angela Ables, Esq.
Kerr, Irvine, Rhodes, & Ables
201 Robert S. Kerr Ave Ste 600
Oklahoma City, OK 73102-4267

Certified Mail No.
7001 0320 0004 4249 4336

and a copy was delivered to:

John McCarter
Oklahoma Insurance Department Financial and Examination Division



Julie Meaders
Deputy General Counsel

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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 City, State, ZIP+4

Kerr, Irvine, Rhodes and Ables, P.C.
 ATTN: J. Angela Ables, Esq.
 201 Robert S. Kerr Ave., Suite 600
 Oklahoma City, OK 73102-4267
 rg/14-0390-TRN/Ord. Allowing Disc.

PS Form 3800, January 2001

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<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/> <i>Caroline Chapman</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery <i>Caroline Chapman</i> 07/28/14</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> Kerr, Irvine, Rhodes and Ables, P.C. ATTN: J. Angela Ables, Esq. 201 Robert S. Kerr Ave., Suite 600 Oklahoma City, OK 73102-4267 rg/14-0390-TRN/Ord. Allowing Disc. </div>	<p style="text-align: center;">RECEIVED OKLAHOMA INSURANCE DEPARTMENT JUL 30 2014 Legal Division</p>
<p>2. Article Number (Transfer from service label)</p>	<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
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