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March 31, 2017

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Brian T. Casey, Esq.
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333 Piedmont Road NE, Suite 1200
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Re: MAG Mutual Insurance Company exemption request

Dear Mr. Casey:

We are in receipt of your letter dated March 17, 2017, petitioning the Commissioner to exempt the reorganization plan of MAG Mutual Insurance Company ("MMIC") from the Form A acquisition process and a public hearing. We have carefully reviewed the matter, and, for the reasons stated below, must deny your request for an exemption order.

O.C.G.A. §33-13A-3 and §33-13A-4 provide for the formation of and procedure for the reorganization of a mutual insurance holding company system. In doing so, the legislature intended for a public hearing to be held for the review of a reorganization plan and a merger plan filed under O.C.G.A. § 33-13A-1 *et seq*. O.C.G.A. § 33-13A-3(a) states that:

> The Commissioner, *after a public hearing* as provided in paragraph (2) of subsection (d) of Code Section 33-13-3, if satisfied that the interests of the policyholders are properly protected and that the reorganization plan is fair and equitable to the policyholders, may approve the proposed reorganization plan and may require as a condition of approval such modifications of the reorganization plan as the Commissioner finds necessary for the protection of the policyholders' interests. (Emphasis supplied.)

Further, O.C.G.A. §33-13A-4(a) contains similar language directing the Commissioner to hold a public hearing in order to be satisfied that the interests of policyholders are protected and that the merger plan is fair and equitable. While both O.C.G.A. § 33-13A-3 and §33-13A-4 reference O.C.G.A. § 33-13-3(d)(2) (commonly referred to as the Form A statute), we do not think the exemption provisions of O.C.G.A. § 33-13-3(e) apply. You argue that there is no change in control. However, O.C.G.A § 33-13A-4(b) states that: "A merger of policyholders' membership interests in a mutual insurer into a mutual insurance holding company *shall be deemed to be the acquisition of [control of an insurance company]* pursuant to Code Section 33-13-3 and is subject to the requirements of Code Section 33-13-3." (Emphasis supplied.)

Using O.C.G.A. §33-13-3(a)(1) or §33-13-3(e) as grounds for not having the required hearing would create an exception that swallows the rule. Under MMIC's logic, a public hearing could always be argued against and would rarely occur. Furthermore, not having a public hearing would severely hinder or entirely eliminate any meaningful opportunity for the Commissioner to receive input from policyholders and to determine whether "the interests of policyholders are properly protected" and the plan is "fair and equitable to policyholders" as statutorily required.

Finally, Georgia's Mutual Insurance Holding Company Act, O.C.G.A. § 33-13A-1 *et seq.*, was enacted in 2015, and the Department has not been asked to approve a plan before this request. Thus, this is a question of first impression. We have looked to other states' actions for guidance and note that Iowa, Wisconsin, and Florida, which have each enacted mutual insurance holding company statutes, have held public hearings (rather than exempting transactions from hearings) in the recent past.

Accordingly, MMIC's request for the Commissioner to not hold a public hearing is denied. The Department looks forward to working with you in an open and transparent manner. If you have any questions concerning this decision please do not hesitate to contact Michael Yaworsky or Sarah Crittenden at 404-656-2060.

Sincerely,

Jay Florence
Deputy Commissioner
Georgia Insurance Department

cc: Justin K. Durrance, Chief Deputy Commissioner