

**BEFORE ALLAN L. MCVEY, INSURANCE COMMISSIONER
STATE OF WEST VIRGINIA**

In the matter of:

The Proposed Acquisition of Control of West Virginia National Auto Insurance Company (NAIC 10911), A West Virginia Domestic Insurance Company by Warrior Invictus Holding Company, an Illinois Holding Company.

Administrative Proceeding No. 24-IC-158925

FINAL ORDER

The undersigned, Insurance Commissioner of the State of West Virginia, does hereby adopt and approve the Recommended Decision of the Hearing Examiner, appended hereto, as well as the findings of fact and conclusions of law therein contained. It is consequently ORDERED that the Proposed Acquisition of Control of West Virginia National Auto Insurance Company (NAIC 10911), A West Virginia Domestic Insurance Company by World Invictus Holding Company, an Illinois Holding Company be approved.

The objections of any party aggrieved by this Order and to the Recommended Decision herein adopted are preserved.

ENTERED this 7th day of March, 2024.



ALLAN L. MCVEY, CPCU, ARM, AAI, AAM, AIS
INSURANCE COMMISSIONER

**BEFORE ALLAN L. MCVEY
INSURANCE COMMISSIONER
STATE OF WEST VIRGINIA**

In the matter of:

The Proposed Acquisition of Control of West Virginia National Auto Insurance Company (NAIC 10911), A West Virginia Domestic Insurance Company by Warrior Invictus Holding Company, an Illinois Holding Company.

ADMINISTRATIVE NO.: 24-IC-158925

**RECOMMENDED DECISION
OF THE HEARING EXAMINER**

On February 7, 2024, a hearing was held before Hearing Examiner Mark W. Carbone, Esq. There then being present on behalf of the West Virginia Offices of the Insurance Commissioner was Gregory Elam, Esq., Michael Crum, Chief Financial Analyst, Mary Jo Lewis, Director, Chief Examiner. Also present via Zoom were Mr. James Buchannan, President of West Virginia National Auto Insurance Company, Mr. James Hallberg, CEO of Warrior Invictus Holding Company and Mr. Patrick Hincks, Esq., General Counsel for Warrior Invictus Holding Company.

Statement of the Case

This matter arises out of a proposed acquisition of control of West Virginia National Auto Insurance Company by Warrior Invictus Holding Company, an Illinois Holding Company.

Findings of Fact

1. This is a statutory hearing for the approval of a Form A filing pursuant to W.Va. Code § 33-27-3. Warrior Invictus Holding Company is the purchaser of the stock of West Virginia National Auto Insurance Company. Once purchased, Warrior Invictus Holding Company will

contemporaneously transfer the stock purchased to First Chicago Insurance Company. (Tr. P. 5; Ex.1)

2. Invictus will purchase twenty shares of Class A stock and ten shares of Class B stock which represents one hundred percent of voting shares of West Virginia National Auto Insurance Company. (Tr. P. 5; Ex. 1)

3. Form A was filed as required under West Virginia Code § 33-27-3(f)(1). (Tr. P. 5-6; Ex. 1)

4. The West Virginia Offices of the Insurance Commissioner issued a Notice of Hearing, scheduling the hearing for February 7, 2024. (Tr. P. 6; Ex. 2)

5. The Form E filed in this matter was also admitted into evidence. Form E is a notification that is not at issue at the hearing but a procedural basis for Form A. (Tr, P. 6; Ex, 3)

6. Mr. Michael Crum, Chief Financial Analyst for the West Virginia Offices of the Insurance Commissioner, reviewed the Form A. It was the testimony of Mr. Crum that the West Virginia Offices of the Insurance Commissioner, while the review is entirely complete, he has no issues with the Form A. (Tr. P. 7-8)¹

7. Mr. Rosenstein testified that after the change of control, West Virginia National Auto Insurance Company will satisfy the requirements of a license to write the same lines of insurance it is currently authorized to write. (Tr. P. 9; Ex. 1)

8. The proposed acquisition will not violate the competitive standards as defined in West Virginia Code § 33-27-3. (Tr. P. 9; Ex. 1)

¹ Since the date of the hearing, Mr. Crum has completed his review of Form A and is satisfied that it meets the requirements under West Virginia Code § 33-27-3.

9. The acquisition of West Virginia National Auto Insurance will not immediately result in any increase in market share in West Virginia since neither Warrior Invictus nor First Chicago Insurance Company currently have any business in West Virginia. (Tr. P. 9; Ex. 1)
10. The financial condition of Warrior Invictus or First Chicago Insurance Company will not jeopardize the financial stability of or West Virginia National Auto Insurance Company nor will it prejudice the policyholders or the interests of the remaining security holders. (Tr. P. 10; Ex. 1)
11. There are no plans or proposals to liquidate, sell the assets, consolidate, merge or make any other material change to West Virginia National Auto Insurance Company. The new management will be fair and reasonable to the policyholders of West Virginia National Auto Insurance Company. (Tr. P. 10; Ex. 1)
12. The competency, experience and integrity of the people in control of West Virginia National Auto Insurance Company will be in the interest of the policyholders and the public. (Tr. P. 10)
13. The acquisition of West Virginia National Auto Insurance Company will not be hazardous or prejudicial to the public buying insurance policies. (TR. P. 10)
14. The current officers, of West Virginia Auto Insurance Company, Mr. Buchannon as President and Mr. Remmels as Chief Financial Officer will continue in their current positions with oversight of the management team of the Purchaser. (Tr. P. 11; Ex. 1)
15. West Virginia National Auto Insurance Company currently has a .3 percent market share in West Virginia. (Tr. P. 12; Ex. 1)
16. The stock of West Virginia National Auto Insurance Company will be acquired by an upfront payment of \$750,000.00. The remaining balance will be paid over two years based on the

development of loss adjustment expenses (LAE) and incurred but not reported (IBNR) reserves.
(Tr. P. 12-13; Ex. 1)

17. As a check for future obligations, the holding company will be able to fund the remaining purchase price out of assets. (Tr. P. 13-14; Ex.1)

Analysis

Whenever one insurance company is acquiring another insurance company, West Virginia Code § 33-27-3(f)(1) becomes the applicable law that should be reviewed and satisfied prior to approval of the acquisition. West Virginia Code § 33-27-3(f)(1) states as follows:

(f) (1) Approval by commissioner; hearings. -- The commissioner shall approve any merger or other acquisition of control referred to in subsection (a) of this section unless, after a public hearing thereon, he or she finds that:

(A) After the change of control, the domestic insurer referred to in subsection (a) of this section would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently authorized;

(B) The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein. In applying the competitive standard in this subdivision:

(i) The informational requirements of subdivision (1), subsection (c), section three-a of this article and the standards of subdivision (2), subsection (d), section three-a of this article apply;

(ii) The merger or other acquisition may not be disapproved if the commissioner finds that any of the situations meeting the criteria provided by subdivision (3), subsection (d), section three-a of this article exist; and

(iii) The commissioner may condition the approval of the merger or other acquisition on the removal of the basis of disapproval within a specified period of time.

(C) The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer or prejudice the interest of its policyholders or the interests of any remaining security holders who are unaffiliated with the acquiring party;

(D) The plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person or to make any other material change in its business or corporate structure or management are unfair and unreasonable to policyholders of the insurer and not in the public interest;

(E) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or

(F) The acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

The evidence at the hearing was that Warrior Invictus Holding Company can satisfy the requirements for the issuance of a license and write the same lines of insurance as West Virginia National Auto Insurance Company. Therefore, the evidence is that Warrior Invictus Holding Company does not violate West Virginia Code § 33-27-3(f)(1)(A).

Warrior Invictus Holding Company proved that the acquisition of West Virginia National Auto Insurance Company would not substantially lessen competition. At the time of the hearing, Warrior Invictus Holding Company was not engaged in the insurance business in West Virginia and West Virginia National Auto Insurance Company has only .3% of the auto insurance business in the state. Therefore, the evidence is that Warrior Invictus Holding Company's proposed acquisition does not violate West Virginia Code § 33-27-3(f)(1)(B).

West Virginia Code § 33-27-3(f)(1)(C) requires that Warrior Invictus Holding Company has the financial wherewithal such that the interests of the policyholders and security holders are not prejudiced. Based on the evidence presented at the hearing, Warrior Invictus Holding Company's acquisition of West Virginia National Auto Insurance Company would not prejudice the policyholders or security holders. Therefore, the evidence is that Warrior Invictus Holding Company does not violate West Virginia Code § 33-27-3(f)(1)(C).

The plans of Warrior Invictus Insurance Company do not include the liquidation, sale of assets, or to merge of West Virginia National Auto Insurance Company with any person. In addition, the evidence was that there will not be any material change to West Virginia National Auto Insurance Company's corporate structure or management which would be unfair to policyholders or against the public interest. Therefore, the evidence is that Warrior Invictus Holding Company does not violate West Virginia Code § 33-27-3(f)(1)(D).

The history of Warrior Invictus indicates that it is competent, experienced, and possesses integrity. West Virginia Code § 33-27-3(f)(1)(E) requires that the Warrior Invictus have all these qualities to approve the acquisition. Having Warrior Invictus acquire West Virginia National Auto Insurance would be in the best interests of the policyholders and of the public. Therefore, the evidence is that Warrior Invictus Holding Company does not violate West Virginia Code § 33-27-3(f)(1)(E).

Finally, the evidence presented at the hearing clearly indicates that the proposed acquisition would not be hazardous or prejudicial to the insurance buying public. Therefore, the evidence is that Warrior Invictus Holding Company is not in violation of West Virginia Code § 33-27-3(f)(1)(F).

As required under West Virginia Code § 33-27-3(f)(1) a hearing was held on February 7, 2023. During that hearing sworn testimony and evidence were given to prove that none of the conditions listed in West Virginia Code §§ 33-27-3(f)(1)(A), 33-27-3(f)(1)(B), 33-27-3(f)(1)(C), 33-27-3(f)(1)(D), 33-27-3(f)(1)(E) or 33-27-3(f)(1)(F) exist in the proposed acquisition.

Conclusions of Law

1. Whenever an insurance company attempts to acquire another insurance company in the State of West Virginia, the West Virginia Offices of the Insurance Commissioner's must apply West Virginia Code § 33-27-3(f)(1), which describes the procedures that must be followed.
2. A properly noticed hearing was held on February 7, 2024, West Virginia Code § 33-27-3(f)(1).
3. To approve an acquisition of an Insurance Company, the evidence must be that none of the subsections of West Virginia Code § 33-27-3(f)(1) exists at the time of the acquisition.
4. The evidence was that the conditions listed in West Virginia Code § 33-27-3(f)(1)(A) do not exist.
5. The evidence was that the conditions listed in West Virginia Code § 33-27-3(f)(1)(B) do not exist.
6. The evidence was that the conditions listed in West Virginia Code § 33-27-3(f)(1)(C) do not exist.
7. The evidence was that the conditions listed in West Virginia Code § 33-27-3(f)(1)(D) do not exist.
8. The evidence was that the conditions listed in West Virginia Code § 33-27-3(f)(1)(E) do not exist.
9. The evidence was that the conditions listed in West Virginia Code § 33-27-3(f)(1)(F) do not exist.
10. None of the conditions listed in the subsections of West Virginia Code § 33-27-3(f)(1) exist, therefore the acquisition is legal and allowed under West Virginia law.

Recommended Decision

It is the recommendation of the Hearing Examiner that the Proposed Acquisition of Control of West Virginia National Auto Insurance Company, a West Virginia Domestic Insurance Company by World Invictus Holding Company, an Illinois Holding Company be approved.

A handwritten signature in blue ink, appearing to read "Mark Carbone", written over a horizontal line.

Mark Carbone
Hearing Examiner
March 5, 2024