



IN THE DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS &  
PROFESSIONAL REGISTRATION  
STATE OF MISSOURI

**IN RE: Proposed Acquisition of** )  
 )  
**Preferred Physicians Medical** )  
**Risk Retention Group, Inc.** ) **Case No. 161025467C**  
 )  
**by** )  
 )  
**NORCAL Mutual Insurance** )  
**Company** )

**FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER**

Based on the testimony and evidence on the whole record, I, John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (“Director” of the “Department”), find and conclude that:

1. On October 24, 2016, NORCAL Mutual Insurance Company (“Applicant”) filed a Form A Statement with the Department in connection with the proposed acquisition of control of Preferred Physicians Medical Risk Retention Group, Inc. (the “Domestic Insurer”), a Missouri domestic stock property and casualty insurer under Chapter 379 and a Missouri domiciled risk retention group.

2. On October 28, 2016, the Director issued a Notice of Hearing and Order Appointing Hearing Officer setting this matter for a public hearing to be held on December 6, 2016, at 9:00 a.m. and appointing Cheryl C. Nield as Hearing Officer in this matter.

3. The Applicant provided timely notice of the hearing to the Domestic Insurer. At the December 6, 2016 hearing, the Applicant appeared by Andrea R. Koehler and by counsel,

Ann Monaco Warren with English & Monaco, P.C. The Department's Division of Insurance Company Regulation appeared by counsel, Kelly A. Hopper.

4. At the December 6, 2016 hearing, the Hearing Officer ordered the record to remain open pending receipt of third-party verifications by the Division. On December 12, 2016, the Division filed its Motion to Close the Record, to which the Applicant consented. On December 13, 2016, the Hearing Officer ordered the record of the hearing closed.

5. The Applicant will acquire control of the Domestic Insurer pursuant to an Agreement and Plan of Merger dated October 22, 2016, and a First Amendment to Agreement and Plan of Merger dated December 2, 2016, by and among, *inter alia*, Applicant and the Domestic Insurer. Subsequent to the acquisition, through the merger of NORCAL Merger Sub, Inc. with and into PPM Services, Inc. ("PPM Services"), with PPM Services as the surviving corporation, the Applicant will own and control 100% of the issued and outstanding stock of PPM Services. Through the Management Services Agreement, Applicant will exercise control of the Domestic Insurer.

6. After a public hearing pursuant to § 382.060 RSMo, the Director fails to find that:

A. After the acquisition of the Domestic Insurer by the Applicant, the Domestic Insurer will be unable to satisfy the requirements for the issuance of a license to write the lines of business for which it is presently licensed.

B. The effect of the acquisition of the Domestic Insurer will be to substantially lessen competition in insurance or tend to create a monopoly in this State.

C. The financial condition of the Applicant is such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders.

D. The Applicant's plans or proposals, if any, to liquidate the Domestic Insurer, or sell its assets, to consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair or unreasonable to its policyholders or contrary to the public interest.

E. The competence, experience and integrity of the Applicant's management are such that it would be contrary to the interests of policyholders of the Domestic Insurer and of the public to permit the acquisition of the Domestic Insurer by the Applicant.

F. The proposed acquisition of the Domestic Insurer by the Applicant is likely to be hazardous or prejudicial to the insurance buying public.

### ORDER

Based on the foregoing findings and conclusions, the proposed acquisition of control of Preferred Physicians Medical Risk Retention Group, Inc. by NORCAL Mutual Insurance Company is hereby **APPROVED**.

So ordered, signed and official seal affixed this 28<sup>th</sup> day of December, 2016.



JOHN M. HUFF  
DIRECTOR  
Department of Insurance, Financial Institutions and  
Professional Registration State of Missouri