

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE

IN RE:)	
)	
REQUEST FOR APPROVAL OF)	
AGREEMENT AND PLAN OF MERGER)	SECOND INFORMATION
BETWEEN DANVILLE MUTUAL FIRE)	REQUEST OF THE DEPUTY
INSURANCE COMPANY AND NORTH)	SUPERINTENDENT
YARMOUTH-CUMBERLAND MUTUAL)	
FIRE INSURANCE COMPANY)	
)	
Docket No. INS-13-402)	

Deputy Superintendent of Insurance Timothy Schott issues this request upon Danville Mutual Fire Insurance Company (“Danville”) and North Yarmouth–Cumberland Mutual Fire Insurance Company (“North Yarmouth–Cumberland” and, together with Danville, the “Applicants”) for responding to the following inquiries and document requests. In producing the requested information, the Applicants shall furnish all information regardless of whether it is in the possession of the Applicants or any consultant, expert, or agent of the Applicants. If the Applicants refuse for any reason to provide any of the information requested, the Applicants must identify and describe the reason for such refusal.

The Applicants shall consider this information request continuing in nature so as to require the production of all documents and information responsive to any item included in this request produced by or on behalf of the Applicants or their consultants, experts, or agents and, furthermore, must supplement the responses provided should the information change or more information become available at any time during the pendency of this proceeding.

For any request seeking information for which hard copy, paper responses of electronic spreadsheet files are provided, the Applicants also shall file via e-mail the electronic spreadsheet version of the file (*e.g.*, Excel) with embedded formulas included (*i.e.*, active files).

**INFORMATION REQUESTED OF DANVILLE
AND NORTH YARMOUTH–CUMBERLAND**

1. Please provide separate information for Danville and North Yarmouth–Cumberland, respectively, identifying all consultants, experts, or agents, including attorneys, advising and/or representing each Company regarding the proposed merger transaction.
2. Please provide for each of Danville and North Yarmouth–Cumberland, respectively, exemplars of their standard form policy issued to policyholders. Additionally, please provide any policy currently in effect issued by either of Danville or North Yarmouth–Cumberland and which differs in material respects from the standard form.

3. Has either of Danville and/or North Yarmouth–Cumberland, respectively, had cause at any time to make assessments on policyholders? If so, please provide a detailed explanation, including but not limited to date and amount assessed.
4. Please provide for each of Danville and/or North Yarmouth–Cumberland, respectively, all written evidence of corporate action, including but not limited to board of director meeting minutes, from January 2007 to the present related to the proposed merger and/or consideration of a possible dissolution of Danville.
5. In follow-up to the Applicants’ response to question 1 of the First Information Request, please provide copies of the documentation, if any, regarding the “mutual understanding” reached by the Danville and North Yarmouth–Cumberland boards of directors at the July 7, 2007 meeting. Further, please provide copies of the “corporate action with formal votes” of each of Danville’s and North Yarmouth–Cumberland’s boards at their December 19, 2013 meetings.

INFORMATION REQUESTED OF DANVILLE

6. In follow-up to the Applicants’ response to question 2 of the First Information Request, please provide a detailed financial analysis of pursuing a voluntary dissolution of Danville pursuant to 24-A M.R.S. §§ 3484, 3485. Include in the response an estimate of the value of the remaining assets that could be distributed to Danville’s members upon liquidation and after the discharge of indebtedness, policy obligations, and payment of expenses of administration and of the dissolution and liquidation procedure. *See* 24-A M.R.S. § 3485(1) (*i.e.*, a schedule describing the distribution of net assets to each policyholder in accordance with the dissolution and liquidation procedure). In responding, also provide a detailed, line-item breakdown for the financial analysis.
7. Considering the response provided to question 6 of this Second Information Request, Danville is asked to explain why the proposed merger of Danville into North Yarmouth–Cumberland is in the best interests of Danville policyholders as it asserts, as opposed to pursuing a voluntary dissolution of Danville with persons thereafter (post dissolution) purchasing a new policy from North Yarmouth–Cumberland or some other insurer.
8. Has the Danville board of directors provided any information to Danville’s members regarding the possibility of pursuing a voluntary dissolution in lieu of entering into the proposed merger with and into North Yarmouth–Cumberland. If so, please explain when and where and provide all related communications and documentation. If not, please describe whether the Danville board intends to provide such information to members prior to the Special Meeting for voting on the merger. In responding, explain how such information would be provided to members prior to the merger vote.
9. In follow-up to the Applicants’ response to question 3 of the First Information Request, please identify the policyholder who has not renewed, the date that such policyholder

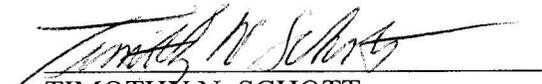
first became a Danville policyholder, and the date that such person was no longer a Danville policyholder.

10. Regarding the Danville list of policyholders contained in Exhibit 5 of the application, please identify the date that each of these persons first became a Danville policyholder.
11. In addition to the one identified non-renewing Danville policyholder referenced above, are there any other persons who were Danville policyholders within the last ten years and who are no longer Danville policyholders (*i.e.*, not identified on Exhibit 5 of the application)? If so, please identify all such person(s). Further, as to each of these person(s), please identify the date when the person(s) first became a Danville policyholder and the date when the person(s) no longer was a Danville policyholder.

The Applicants shall provide their responses to this Second Information Request as soon as possible, but no later than March 7, 2014.

PER ORDER OF THE DEPUTY SUPERINTENDENT OF INSURANCE

February 27, 2014


TIMOTHY N. SCHOTT
Deputy Superintendent of Insurance