

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

IN RE:)	
)	
REQUEST FOR APPROVAL OF)	
AGREEMENT AND PLAN OF MERGER)	THIRD 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. On March 14, 2014 the Applicants moved for a delay of the scheduled March 21 public hearing, which the Deputy Superintendent granted. In support of their motion, the Applicants justified the need for delay in order to be able to more fully examine the available options for the Companies, especially Danville, and their members, to the merger. It was further explained that the requested two month delay would give appropriate time to schedule the discussion for the Board of Danville and its members. Please provide:
 - a. a detailed update on the Applicants’ examination of available options to the merger and the related Board and member meetings; and

- b. all supporting written communications, meeting minutes, and any other related documentation of any kind.
2. Please provide a list of witnesses who will be in attendance and available for examination at the scheduled June 3, 2014 public hearing.

INFORMATION REQUESTED OF DANVILLE

3. Regarding the response to question 4 of the Second Information Request, Danville provided Board minutes stating that Danville is not registered as a corporation with the State of Maine. Please explain whether Danville is now a corporation in good standing with the State of Maine. If not, please explain.
4. In follow-up to the response to question 6 of the Second Information Request, and in furtherance of the subsequent telephonic conference with the Deputy Superintendent and Bureau staff held per Danville's request, please provide a detailed financial analysis of pursuing a voluntary dissolution of Danville pursuant to 24-A M.R.S. §§ 3484, 3485. The Deputy Superintendent is not at this time requiring Danville to retain an outside expert to perform this analysis. Include in the response:
 - a. 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); and
 - b. a detailed, line-item breakdown for the financial analysis.
5. In follow-up to the response to question 7 of the Second Information Request, please provide details and supporting documentation, if any, regarding the alleged Bureau of Insurance advice "that a merger would be the most efficient way to go and that dissolution would be too costly and expensive." In responding, please consider the attached September 26, 2007 and May 18, 2011 communications from Bureau of Insurance staff to Lionel C. Ferland, Sr. providing the step-by-step process necessary for Danville to dissolve.
6. In the event that Danville chooses to provide, or the Deputy Superintendent requires Danville to provide, member notice of their option to either (a) vote in favor of the proposed merger or (b) vote in favor of a voluntary dissolution, please propose language that Danville might use to provide such member notice for the Deputy Superintendent's review and consideration.

INFORMATION REQUESTED OF
NORTH YARMOUTH-CUMBERLAND

7. Have the bylaws been amended to be in compliance with 13-C M.R.S. § 852? Please provide evidence.
8. Policy No. 5081: What are the cession amounts to Guy Carpenter and to Gorham Farmers Club?
9. Policy No. 5080: Please provide the names and signatures on the policy.
10. Policy No. 5080: Please provide the estimated value of the property insured and the insured amount.
11. Policy List: Please provide the 2013 policy list with the aggregate premium included.
12. Please provide the names of the Directors for the past three years.
13. What is the amount of the fidelity bond currently in-force?
14. How are investments in mutual funds recorded, cost or fair market value?
15. What is the premium concentration of commercial sawmill coverage?
16. What is the insured risk of commercial sawmill coverage?

The Applicants shall provide their responses to this Second Information Request as soon as possible, but no later than May 27, 2014.

PER ORDER OF THE DEPUTY SUPERINTENDENT OF INSURANCE

May 14, 2014


TIMOTHY N. SCHOTT
Deputy Superintendent of Insurance