



State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

For consumer assistance:
[Banking] 888-568-4547
[Insurance] 800-964-1784
[Securities] 877-550-3907
www.dfr.vermont.gov

May 13, 2024

SENT VIA EMAIL TO: mdcoble@mette.com, msears@NDgroup.com

Matthew D Coble, Esquire
Mette, Evans & Woodside

Michele C. Sears, Esquire
Norfolk & Dedham Group

Re: Proposed Affiliation of Union Mutual Fire Insurance Company and New England Guaranty Insurance Company by Dorchester Mutual Insurance Company, Fitchburg Mutual Insurance Company, and Norfolk & Dedham Mutual Fire Insurance Company (Norfolk & Dedham Group)

Dear Attorneys Coble and Sears:

The Insurance Division of the Vermont Department of Financial Regulation (“DFR”) has completed a preliminary review of the Form A Statement regarding the proposed Affiliation of Union Mutual Fire Insurance Company and New England Guaranty Insurance Company (the “Domestic Insurers” or “Union”) by the Norfolk & Dedham Group (the “Applicant”) date April 23, 2024. As a result of the DFR’s review, it was determined that the information requested below is necessary to complete the filing.

1. Are there any additional filings required in Massachusetts? Please list the types of filings and anticipated filing date.
2. Does the affiliation require any other regulatory body filings, for example the HSR filing with the Federal Trade Commission?
3. Other than those identified in response to questions 1 and 2 above, identify all parties from which approval is needed or otherwise will impact the transaction closing.
4. Are there current plans for Lisa Keysar to retire post affiliation? If so, when is that expected to occur?
5. Will the current Union affiliation with Community National change post affiliation? I read that the Company is listed in the Reinsurance Pooling Agreement.



6. Are there any plans for the N&D group of companies to submit an expansion application for a Certificate of Authority to write business in Vermont?
7. Post affiliation, will all the current Union reinsurance contracts expire once Union is part of the Pooling Agreement? How does the current Union permitted practice request change going forward?
8. Provide estimates and details on what the reinsurance savings will be for Union once Union is part of the Reinsurance Pooling Agreement to support the UM Financial Projections.
9. Provide estimates and details of the savings for Union after Union is part of the Management & Services Agreement to support the UM Financial Projections.
10. When Union employees become employees of Newbury, will any current benefits change? How does this create administrative savings going forward? Provide estimates and details of the savings.
11. Will the affiliation result in a change to current IT systems? Will the current underwriting and claims system change? Are there any other changes planned for the current systems?
12. Which entity will own the personally identifiable information, as defined in 9 V.S.A. § 2430, which is currently held by Union?
13. Please submit audited financial statements for Norfolk & Dedham Group for the past 5 years. This can be on a combined basis.
14. Please submit the Management's Assessment of Internal Controls for the past 5 years.
15. Have background checks been ordered for the post affiliation Board of Directors?
16. Please discuss any actual or accused material violation of, or material failure on the part of, Dorchester Mutual Insurance Company, Fitchburg Mutual Insurance Company & Norfolk & Dedham Mutual Fire Insurance Company to comply with any Applicable Laws in the last ten years.
17. Please discuss any ongoing or anticipated actions, arbitrations, lawsuits, material claims, suits, proceedings, or investigations pending or, to Norfolk & Dedham Group's knowledge, threatened against or affecting Dorchester Mutual Insurance Company, Fitchburg Mutual Insurance Company or Norfolk & Dedham Mutual Fire Insurance Company or its properties, assets or businesses, other than claims under the terms of the Insurance Contracts of Dorchester Mutual Insurance Company, Fitchburg Mutual Insurance Company or Norfolk & Dedham Mutual Fire Insurance Company that: (i) are within applicable policy limits and were incurred in the Ordinary Course of Business, (ii) do not allege bad faith or any violation of law and (iii) with respect to which class certification has not been granted.



18. Please explain the rationale/justification for paying Resigning Union Mutual and New England Guaranty Directors the following: three (3) years of annualized directors fees, or the number of years until such Director is scheduled to retire, whichever is less, paid by Union Mutual in three equal annual installments.
19. Are there any other incentives, bonuses, or resignation payments/fees that would be paid to employees, offices, or directors post affiliation? If so, please explain both the amount and the rationale for such a payment.
20. Check with the Captives Division on any filings/notifications regarding White Rock Protected Cell.
21. Please provide an overview of the due diligence steps taken by Union to ensure that Applicants were in fact good prospective business partners and operational fits.

To address these questions most efficiently, a call can be scheduled in the coming weeks to discuss the issues raised in this letter and provide you with an opportunity to ask questions. If you prefer to schedule a call, please provide me with some available times. In the meantime, please let us know if you need additional information.

Sincerely,



Karen Ducharme
Director of Company Licensing and Examinations

