

The matter of the merger with and into General Star by Genesis has been considered based upon the Petition filed, the supplemental filing, the hearing, and other documents provided and filed with the North Dakota Insurance Commissioner and made a part of the record.

Mary Hoberg, in the capacity of Hearing Officer, after considering and reviewing all the documents, instruments, and materials filed herein, hereby makes the following recommended Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

Background

1. Genesis Indemnity Insurance Company is a North Dakota domestic surplus lines insurer and is a wholly-owned subsidiary of General Reinsurance Corporation ("GRC"). The primary focus of Genesis's recent business activities relates to insurance.
2. Genesis had statutory admitted assets of \$37,015,622 and policyholder surplus of \$32,226,056, both as of June 30, 2011.
3. General Star Indemnity Company is a Connecticut domestic surplus lines insurer and is also a wholly-owned subsidiary of GRC. The primary focus of its recent business activities relates to insurance.
4. General Star had statutory admitted assets of \$682,957,952 and policyholder surplus of \$478,251,393, both as of June 30, 2011.
5. GRC is an indirect subsidiary of Berkshire Hathaway, Inc. Berkshire Hathaway, Inc., both immediately prior to and after consummation of the merger, will

remain the ultimate controlling entity of both General Reinsurance Corporation and General Star.

6. The Petition proposes that Genesis be merged with and into General Star with General Star being the surviving entity of the merger.

Petition for Approval of Merger

7. On June 30, 2011, Genesis filed a Petition with the North Dakota Insurance Commissioner pursuant to N.D.C.C. § 26.1-07-02 regarding its proposed merger with and into General Star.

8. On August 5, 2011, Genesis filed a supplemental filing with the Insurance Commissioner.

9. By mutual agreement between the companies and the Insurance Commissioner, the timeframes set forth in N.D.C.C. § 26.1-07-04 regarding the hearing were extended.

10. On August 11, 2011, the Insurance Commissioner entered an Order for Notice of Hearing requiring Genesis to notify its policyholders of the pendency of the Petition for Merger and that a hearing on the Petition would be held on Friday, September 16, 2011, at 10:00 a.m. central standard time at the North Dakota Insurance Department, 600 East Boulevard Avenue, Bismarck, ND 58505.

11. As required by N.D.C.C. § 26.1-07-04, Genesis published notice of the hearing on the following dates in the following newspapers published in North Dakota: the Bismarck Tribune on August 18, 2011; the Dickinson Press on August 18, 2011; the Grand Forks Herald on August 18, 2011; the Minot Daily on August 18, 2011; and the Fargo Forum on August 29, 2011.

12. The Petition and supplemental filing were attested to under oath in a sworn Affidavit filed by Joseph Stephen Roberts, Vice President of Genesis and General Star, and they provide the information required by N.D.C.C. ch. 26.1-07. The Department did not object to the testimony provided in the Affidavit and it was admitted into the record as Exhibit A.

13. After reviewing the terms of the Petition for Merger, the supplemental filing, and other documents filed by Genesis, the Department determined that the merger meets the requirements of N.D.C.C. ch. 26.1-07.

14. The provisions of the merger must also be approved by the Connecticut Insurance Department because General Star is a Connecticut domestic surplus lines insurer. On July 16, 2011, General Star submitted the requisite filing with the Connecticut Insurance Department. Department witness Heide Delorme testified in her sworn Affidavit that the application is being reviewed in Connecticut and she does not anticipate any problems with its approval. Ms. Delorme's Affidavit was admitted into the record as Exhibit B.

15. The directors and shareholder of Genesis and General Star have approved the proposed merger. See Affidavit of Roberts.

Genesis Management

16. The proposed merger will not trigger any change of control of Genesis. The companies are affiliates that are both direct, wholly owned subsidiaries of GRC which in turn is an indirect subsidiary of Berkshire Hathaway, Inc. Thus, GRC controls the parties to the merger and will continue to control the surviving entity after the merger. Berkshire Hathaway, Inc. remains the ultimate controlling entity.

17. Mr. Roberts testified that the proposed merger is being entered into largely as a part of GRC's ongoing efforts to simplify its organizational structure and that, other than removal of Genesis as a legal entity, no other changes are anticipated from a business standpoint. The same team that currently manages Genesis will continue to manage the combined entity after the merger.

18. Since the companies are affiliated entities, they share a common management team. There is substantial overlap between the directors/officers of Genesis and those of General Star. The same team that currently manages Genesis will continue to manage the combined entity after the merger. Other than removal of Genesis as a legal entity, no other changes are anticipated from a business standpoint.

19. General Star's financial condition is strong and will in no way jeopardize the financial position of the merged entities or prejudice the interests of the policyholders. As a result of the merger, policyholders will benefit from the increased policyholder surplus and statutory admitted assets of General Star. The surviving company will continue to be controlled by the common parent company, General Reinsurance Corporation, which is ultimately controlled by Berkshire Hathaway, Inc.

Department's Recommendation

20. Ms. Delorme reviewed the Petition, supplemental filings, as well as the Affidavit of Lorrain Coccola, Assistant Secretary of Genesis Indemnity Insurance Company, and the testimony of Joseph Stephen Roberts, Vice President of Genesis Indemnity Insurance Company and General Star Indemnity Company; the financial statements of both of these companies; and A. M. Best's reports for the insurance companies.

21. Ms. Delorme, on behalf of the Department, considered the criteria outlined in N.D.C.C. § 26.1-07-05.1 and concluded that there was no basis for disapproving the proposed merger and recommended that it be approved.

Hearing

22. A telephonic public hearing on the Petition for Merger was held on September 16, 2011, in front of Mary Hoberg, in her capacity as Hearing Officer, with representatives from the following parties in attendance: the Department, General Counsel Melissa Hauer and Financial Analyst Heide Delorme; Joseph Stephen Roberts, Vice President of Genesis and General Star, and Solan Schwab, Counsel for the companies and a Vice President of General Reinsurance Corporation, Genesis' and General Star's direct parent company.

23. Notice of the hearing date, time, and location were published in newspapers as required by N.D.C.C. § 26.1-07-04.

24. Notice of the proposed merger, the date, time, and location of the hearing, as well as the August 11, 2011, Order for Notice of Hearing issued by the Insurance Commissioner were sent by certified mail to all Genesis policyholders on August 17 and August 18, 2011. An Affidavit dated August 22, 2011, of Lorraine Coccola, Assistant Secretary of Genesis, testifying to these notices was received by the Department.

25. The hearing was scheduled not more than 90 days from the date of the Order for Notice of Hearing and at least two weeks after the last newspaper publication as required by N.D.C.C. § 26.1-07-04.

26. At the hearing, testimony was provided via sworn affidavits that were entered into the record with no objection, on behalf of the Department by Heide

Delorme and on behalf of the Applicant by Joseph Stephen Roberts, Vice President of Genesis and General Star.

CONCLUSIONS OF LAW

1. The Commissioner of Insurance has jurisdiction over the proposed acquisition pursuant to N.D.C.C. Chapter 26.1-07.
2. Genesis has met the procedural requirements of N.D.C.C. Chapter 26.1-07 with regard to seeking and receiving approval of the proposed merger of one insurance company with any other company.
3. Sufficient, due, and proper notice of these proceedings was given to the appropriate parties.
4. The Commissioner shall enter findings of fact, conclusions of law and an order either approving or disapproving any petition for merger and, in making the determination, shall consider the following pursuant to N.D.C.C. § 26.1-07-05.1:
 - a. Whether the proposed consolidation or reinsurance contract is inequitable to the policyholders of any domestic insurance company involved;
 - b. Whether the proposed consolidation or reinsurance contract would materially reduce the financial security of policyholders of the domestic insurer in this state or elsewhere; and
 - c. Whether the competence, experience, and integrity of the persons of a foreign insurance company who would control the operation of the consolidated insurance company or the reinsuring company are

such that it would not be in the interest of the policyholders of the company to permit the consolidation or reinsurance contract.

5. The proposed merger is not inequitable to the policyholders of Genesis. The proposed merger will not trigger any change of control of Genesis. The same team that currently manages Genesis will continue to manage the combined entity after the merger. The sole stockholder of both companies, General Reinsurance Corporation, has approved the merger and the Board of Directors of each of Genesis Indemnity Insurance Company and General Star Indemnity Company have recommended approval of the merger.

6. The proposed merger will not materially reduce the financial security of policyholders of Genesis. The financial condition of the company will in fact improve due to the merger. The policyholders of Genesis will immediately benefit from the financial strength and security afforded by General Star's \$478,251,393 in policyholder surplus and \$682,957,952 in statutory admitted assets. The merger is between affiliates and, therefore, Genesis policyholders will continue to remain part of the financially very secure General Re group after the merger.

7. The competence, experience, and integrity of the persons who will control the operation of Genesis are such that it would not be contrary to the interest of the policyholders or the public to permit the merger. General Star will continue to be controlled by the parties' direct parent, General Reinsurance Corporation, which is ultimately controlled by Berkshire Hathaway, Inc., which is financially secure.

8. The Petition for Merger is in compliance with the provisions of N.D.C.C. chapter 26.1-07 and meets the standards for approval of the proposed merger.

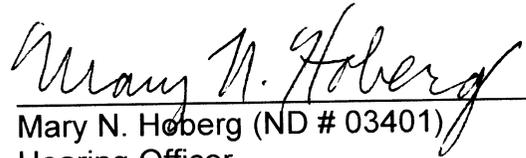
Based upon the Recommended Findings of Facts and Conclusions of Law, Mary Hoberg hereby recommends to the Commissioner that he adopt the Findings of Facts and Conclusions of Law and enter an Order as follows:

RECOMMENDED ORDER

It is recommended that the Commissioner enter an Order approving the proposed merger of Genesis Indemnity Insurance Company with and into General Star Indemnity Company.

It is recommended that the Commissioner of Insurance retain jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such further order or orders as may be deemed proper.

DATED this 22nd day of September, 2011.



Mary N. Hoberg (ND # 03401)
Hearing Officer
N.D. Insurance Department
600 East Boulevard Avenue, Dept. 401
Bismarck, ND 58505
(701) 328-2440