

**APPENDIX H**  
**COMMUNICATIONS PLAN**

**COMMUNICATION PLAN**  
**INSURANCE BUSINESS TRANSFER**  
**FROM**  
**SENTRY INSURANCE COMPANY**  
**TO**  
**NATIONAL LEGACY INSURANCE COMPANY**

**Communication Plan  
Sentry Insurance Company to National Legacy Insurance Company  
ECRA Pool Participation**

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# Communication Plan

## Sentry Insurance Company to National Legacy Insurance Company

### ECRA Pool Participation

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#### PART A: BACKGROUND

##### 1. Introduction

- Sentry Insurance Company f/k/a Sentry Insurance a Mutual Company (“Sentry”), the Transferring Insurer, assumed reinsurance from 1962 through 1985. During that time, Sentry participated in the Excess and Casualty Reinsurance Association (“ECRA”) Pool for calendar policy years 1972 through 1981. Sentry placed its assumed reinsurance book of business into run-off in 1985.
- On the 6th December 2016, Sentry entered into an unlimited Reinsurance Agreement with Accredited Surety and Casualty Company Inc. (“ASC”), an R&Q Group company, to reinsure Sentry’s ECRA Pool liabilities. Subsequently, Sentry agreed to pursue the transfer of the reinsured liabilities utilizing the Oklahoma Insurance Business Transfer Act (36 O.S. §§ 1681-1688) (the “IBT Act”) to National Legacy Insurance Company (“NLIC”), an R&Q Group company domiciled in Oklahoma.

##### 2. Summary of proposals

- The IBT Act requires this application to include the following information in the proposed Insurance Business Transfer Plan (“Plan”):
  - A proposal for Plan implementation and administration, including the form of notice to be provided under the Insurance Business Transfer Plan to any Cedant whose policy is part of the subject business; and
  - A full description of how such notice shall be provided.
- This document sets out the approach Sentry and NLIC will take to communicate with stakeholders in the context of the IBT Act and the proposed Plan. The term “Cedant”, used extensively below, refers to an insurance company whose policies are reinsured by Sentry, the Transferring Insurer, as a participant in the ECRA Pool. All business involved in this Insurance Business Transfer is reinsurance business. There are no personal policyholder involvements in this book.
- Sentry’s strategy is to provide notice, by United States mail, first-class postage prepaid, to all current Cedants identified as already having a claim, or having the potential for a new claim, at the most recent address held for that Cedant. The form of communication will include sufficient information to allow Cedants to understand the impact, if any, of the Insurance Business Transfer and what to do if there are any objections to it.
- Supplementing this direct notification will be targeted advertising by way of publication in the Wisconsin State Journal. There will also be access to a website and the provision of a toll-free number for stakeholders to log queries, questions and objections. Sentry also intends to provide notice to brokers and reinsurers of the transferring business in accordance with the legislation.

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- In accordance with the IBT Act, Sentry will also provide notice of the Plan to all State Insurance Regulators by first-class mail, postage prepaid as well as the National Conference of Insurance Guaranty Funds, the National Organization of Life and Health Insurance Guaranty Associations, and all applicable State Insurance Guaranty Associations by certified first-class mail, postage prepaid.
- The parties have sought the written views of the Insurance Commissioner on:
  - The proposed communication strategy for the IBT Plan; and
  - Where relevant, a dispensation from certain notification requirements.
- Draft forms of notices and letters have been provided to the Oklahoma Insurance Department (“OID”) for their review and comment separately.

**3. Subject Business of the Transferring Insurer**

- From 1959 to 1982, ECRA was a reinsurance pool comprised of approximately 150 reinsurance members. Various casualty and property reinsurance risks were underwritten and managed by its pool manager, Excess and Treaty Management Corporation (“ETMC” or “Pool Manager”). ETMC was acquired by the R&Q Group in October 2010 but operates independently of NLIC. Underwriting participations in the ECRA Pool varied from year to year and over its active life.
- The table below details the assumed contractual involvement that Sentry has as a member of the ECRA Pool. These are the contracts subject to the IBT to NLIC should approval be received. As can be seen below, Sentry’s ECRA Pool participation is relatively small, no more than 0.593% in any year, please note there were two (2) identical shares taken up by Sentry in 1972. As previously mentioned, Sentry entered into an unlimited quota share reinsurance contract provided by ASC in December 2016. ASC is an AM Best A- (Excellent), IX Rated R&Q Group carrier based in Florida. This was the first step in Sentry seeking finality for its ECRA Pool exposures. Since entering into the reinsurance contract, ASC has continued to meet Sentry’s reinsurance obligations under the ECRA contracts and has agreed to continue to do so until the IBT is achieved or claims are no longer presented.

<b>Policy Year</b>	<b>Effective Date</b>	<b>Expiration Date</b>	<b>Sentry Share</b>
1972	01-Jan-72	01-Jan-73	0.593%
1972	01-Jan-72	01-Jan-73	0.593%
1973	01-Jan-73	01-Jan-74	0.524%
1974	01-Jan-74	01-Jan-75	0.468%
1975	01-Jan-75	01-Jan-76	0.468%
1976	01-Jan-76	01-Jan-77	0.467%
1977	01-Jan-77	01-Jan-78	0.449%
1978	01-Jan-78	01-Jan-79	0.412%
1979	01-Jan-79	01-Jan-80	0.369%
1980	01-Jan-80	01-Jan-81	0.409%
1981	01-Jan-81	01-Jan-82	0.393%

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#### PART B: APPROACH TO INDIVIDUAL NOTIFICATIONS

##### 1. Cedant Identification for Communication

###### *Cedant Population*

- The IBT Act states that “Whenever notice is required to be given by the applicant under the Insurance Business Act and except as otherwise permitted or directed by the court or the Insurance Commissioner, the applicant shall, within fifteen (15) days of the event triggering the requirement, cause transmittal of the notice by first-class mail, postage prepaid[.]”
- For purposes of analysing the appropriate method and extent of communications notice of the proposed IBT, NLIC in conjunction with Sentry and ETMC, the Pool Manager, used their in-house systems to identify and locate current details of Cedants to Sentry’s Pool years. There are in total for all Pool years 639 Cedants, of which, there are 557 Cedants specific to Sentry’s Pool years.
- The base data utilized was extracted from the Pool Manager’s own data from its “Carpenter Pool Management System” (“CPMS”). The review focused on those Cedants with policies which have had a billed movement dating back to 1977. From that core data, a determination was made as to whether the Cedants were either Active or Inactive Cedants, these are defined below:
  - “Active Cedants” comprise those Cedants with open claims or as otherwise specified.
  - “Inactive Cedants” comprise those Cedants which do not have open claims and the likelihood of a claim in the future is improbable.
- Additional factors considered in determining the improbability of an Inactive Cedant asserting a claim in the future are described below:
  - The subject Business has been in Run-Off for 38 years; and
  - Based on prior claims experience with these types of policies, the unlikelihood a claim will be made in the future which occurred during the policy term.
- Inactive Cedants will not be negatively impacted by the proposed IBT nor will they incur additional financial risk as:
  - All Cedants and associated policies will continue to be administered by ETMC; and
  - All policyholders’ rights under their respective policies will be fully preserved against NLIC. This includes the rights to make a claim.

###### *Summary Findings of Cedant and Policy Identification Exercise*

- The table below details the results of the analysis conducted. From a Cedant count of 639, a total of 557 have been identified on Sentry’s ECRA Pool years. Sentry will be providing notification to all Cedants within Sentry’s Pool years.

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Per the statute, direct notification will be provided first-class mail, postage pre-paid.

	<u>Cedant Overview</u>	<u>Policy Overview</u>
Total for All Pool Participants	639	7154
<b>Total for Sentry Only</b>	<b>557</b>	<b>5226</b>
Sentry - Inactive	283	2585
<b>Sentry - Active</b>	<b>274</b>	<b>2641</b>

- Where current address/contact details were not available within CPMS or Sentry’s own systems, further research was conducted using the following resources:
  - AM Best Rating Services and associated company information;
  - General internet searches; and
  - The services of an external research company, Forth Communication (“Forth”) of Hanover House, 45 Hanover Street, Edinburgh, Scotland, EH2 2PJ, a specialist data mining company. Forth utilized internet searches, LinkedIn, company websites as well as its experience gained in supporting a number of successful insurance business transfers in the UK & Europe.

**2. Reinsurer Identification**

- There is no third-party reinsurance on the ECRA Pool for Sentry’s Pool years. However, as mentioned previously, ASC provided a 100% unlimited reinsurance policy in December 2016 to cover all of Sentry’s current and future ECRA Pool liabilities.
- Notification will be provided to ASC in accordance with the notification provisions in the reinsurance agreement.

**3. Regulators**

- Sentry is licensed in all fifty states within the United States, therefore, each state’s Chief Insurance Regulator will be notified of the IBT.
- Notification will be by United States first-class mail, postage prepaid, to the Chief Insurance Regulator in each jurisdiction.

**4. Insurance Guaranty Funds**

- The subject business of the IBT is purely assumed reinsurance and does not have any Guaranty Fund or Association involvement. Nonetheless, in compliance with the IBT Act, Sentry will provide notice to the National

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Conference of Insurance Guaranty Funds and the National Organization of Life and Health Insurance Guaranty Associations.

- Sentry is licensed in all fifty states within the United States as a property and casualty insurer, therefore, each state's property and casualty Guaranty Association will be notified of the IBT.
- Notification for both the national and state Guaranty Associations will be by certified first-class mail, postage prepaid.

### **PART C: DEALING WITH QUERIES AND REPRESENTATIONS**

#### **1. Telephone**

- A toll-free number for Sentry and NLIC will be provided in each communication pack that will be sent to identified interested parties. Each toll-free number will have recording capabilities to ensure capture of contact details for those communications that may occur outside of regular business hours.

NLIC: (877) 514-3542 (U.S.) or 0808 196 5091 (U.K.)

Sentry: (877) 788-4011

- The toll-free number for Sentry and NLIC will also be detailed on the Plan website page described at 3 below.

#### **2. E-mail**

- An email account will also be established with details included within the communication pack that will be sent to all identified interested parties.

[sentry-ibt@rqih.com](mailto:sentry-ibt@rqih.com)

- The email account and address will also be detailed on the Plan website page described at 3 below.

#### **3. Website**

- A separate web page will be established within the R&Q Group Website ([www.rqih.com](http://www.rqih.com)), specifically for the Sentry IBT Plan. Copies of the IBT Plan submitted to the Oklahoma Regulator, Communications Plan, Independent Experts Report and the Non-Objection letter from the Wisconsin Regulator will be available to download from the web page. Details of the toll-free numbers, email addresses and details of how to make an in-person representation will also be provided. However, given the current state of the COVID-19 pandemic and remote working, we encourage you to contact us via email to help ensure a timely response.

- Details of the website address will be included in each communication pack sent to identified interested parties.

<http://www.rqih.com/news/sentry-ibt/>

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**4. Cedant Court Representation**

- Details of how a Cedant can make an in-person representation or how to be represented at the hearing will also be included within the communication pack being sent to all identified interested parties. Details will also be shown on the dedicated web page established on the R&Q Website.

**5. Ongoing Reporting**

- The parties are preparing for response handling which they expect will be able to answer promptly and effectively any queries from interested parties. All enquiries and responses will be tracked and recorded. Responses will be provided within a reasonable timeframe.
- The parties will collate and record/log any objections to the IBT Plan that are received with all objections being considered by all parties. The Regulator and the Court will be provided with copies of relevant objection letters and emails together with the responses and any subsequent correspondence.
- The parties will also regularly report to the OID on compliance with the notification requirements. All steps to rectify any failures will be fully explained.