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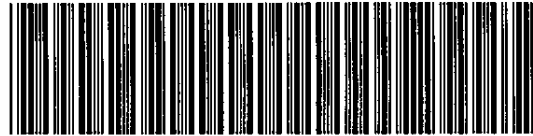
(Business Entity Name)

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Marger
02-17-14
DC

COVER LETTER

TO: Amendment Section
Division of Corporations

SUBJECT: Providence Washington Insurance Company

Name of Surviving Corporation

The enclosed Articles of Merger and fee are submitted for filing.

Please return all correspondence concerning this matter to following:

Nadja Stavenhagen, VP, Regulatory Legal Counsel

Contact Person

Enstar (US) Inc.

Firm/Company

41 Wildwood Road

Address

Scarsdale, New York 10583

City/State and Zip Code

nadja.stavenhagen@enstargroup.com

E-mail address: (to be used for future annual report notification)

For further information concerning this matter, please call:

Nadja Stavenhagen

Name of Contact Person

At (212)

790-9845

Area Code & Daytime Telephone Number

☐ Certified copy (optional) \$8.75 (Please send an additional copy of your document if a certified copy is requested)

STREET ADDRESS:

Amendment Section
Division of Corporations
Clifton Building
2661 Executive Center Circle
Tallahassee, Florida 32301

MAILING ADDRESS:

Amendment Section
Division of Corporations
P.O. Box 6327
Tallahassee, Florida 32314

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

First: The name and jurisdiction of the surviving corporation:

Second: The name and jurisdiction of each merging corporation:

Third: The Plan of Merger is attached.

OR 12 / 31 / 2013 (Enter a specific date. NOTE: An effective date cannot be prior to the date of filing or more than 90 days after merger file date.)

The Plan of Merger was adopted by the shareholders of the surviving corporation on September 17, 2013.

The Plan of Merger was adopted by the shareholders of the merging corporation(s) on **September 17, 2013**.

(Attach additional sheets if necessary)

Seventh: SIGNATURES FOR EACH CORPORATION

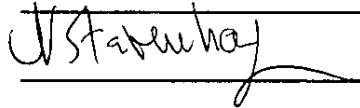
Name of Corporation

Signature of an Officer or
Director

Typed or Printed Name of Individual & Title

Providence Washington

Insurance Company

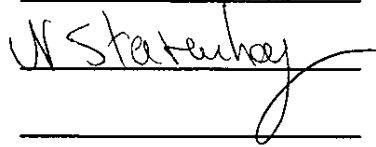


Nadja Stavenhagen

Assistant Secretary

Capital Assurance

Company, Inc.



Nadja Stavenhagen

Assistant Secretary

PLAN OF MERGER

(Non Subsidiaries)

The following plan of merger is submitted in compliance with section 607.1101, Florida Statutes, and in accordance with the laws of any other applicable jurisdiction of incorporation.

First: The name and jurisdiction of the surviving corporation:

Name

Jurisdiction

Providence Washington Insurance Company

RI

Second: The name and jurisdiction of each **merging** corporation:

Name

Jurisdiction

Capital Assurance Company, Inc.

FL

Third: The terms and conditions of the merger are as follows:

Please see attached as Exhibit A the Merger Plan and Agreement

Fourth: The manner and basis of converting the shares of each corporation into shares, obligations, or other securities of the surviving corporation or any other corporation or, in whole or in part, into cash or other property and the manner and basis of converting rights to acquire shares of each corporation into rights to acquire shares, obligations, or other securities of the surviving or any other corporation or, in whole or in part, into cash or other property are as follows:

N/A, see Merger Plan and Agreement for details

(Attach additional sheets if necessary)

THE FOLLOWING MAY BE SET FORTH IF APPLICABLE:

Amendments to the articles of incorporation of the surviving corporation are indicated below or attached:
N/A, see Merger Plan and Agreement for details

OR

Restated articles are attached:
N/A

Other provisions relating to the merger are as follows:
N/A

EXHIBIT A

MERGER PLAN AND AGREEMENT

PLAN AND AGREEMENT OF MERGER

This Plan and Agreement of Merger (hereinafter referred to as the "Agreement") is entered into as of 12/31 2013 between Capital Assurance Company, Inc., a corporation organized under the laws of the State of Florida ("CAC"), and Providence Washington Insurance Company, a corporation organized under the laws of the State of Rhode Island ("PWIC") and an affiliate of CAC.

RECITALS

WHEREAS, CAC is a wholly owned subsidiary of Sun Gulf Holdings, Inc., which currently owns all of the issued and outstanding shares of the capital stock of CAC. CAC is ultimately owned by Enstar Group, Ltd ("Enstar") a publicly traded Bermuda Corporation. CAC is licensed to write both property and casualty insurance in Alabama and Allied Lines in Florida. Prior to 1990, CAC acted primarily as a reinsurer on pro-rata and excess business. In 1996 CAC discontinued writing new business and was placed in run-off. Since that time, CAC has been focusing on successfully running-off its existing business. It has provided appropriate levels of service administration to its policyholders and claimants including the prompt payment of claims for its discontinued book of business;

WHEREAS, PW Acquisition Company, an indirect, wholly owned subsidiary of Enstar which is the ultimate parent company of PWIC currently owns all of the issued and outstanding shares of the capital stock of PWIC. PWIC is a Rhode Island domiciled insurance company and is licensed to write property and casualty business in 46 states;

WHEREAS, CAC and PWIC, as indirect wholly owned subsidiaries of a common parent corporation, desire to streamline operations and corporate structure by merging CAC into PWIC;

WHEREAS, PWIC and CAC and their respective boards of directors have determined that the merger of CAC with and into PWIC (the "Merger") upon the terms and subject to the conditions set forth in this Agreement is advisable and in the best interest of said corporations and have approved the Merger; and

WHEREAS, PWIC and CAC and their respective boards of directors intend that, for U.S. federal income tax purposes, the Merger will qualify as a tax-free reorganization under section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements of the parties hereto, being thereunto duly entered into by CAC and PWIC and approved by a resolution adopted by each individual company's board of directors and each individual company's shareholders, the Agreement and the terms and conditions

thereof and the mode of carrying the same into effect, together with any provisions required or permitted to be set forth herein, are hereby determined and agreed upon as hereinafter in this Agreement set forth.

ARTICLE I

The Merger and Effective Time

1.1. The Merger. Subject to the terms and conditions set forth herein, CAC will be merged into PWIC (the "Merger") with PWIC being the corporation surviving the Merger (sometimes referred to as the "Surviving Corporation"). The Articles of Merger and Certificate of Merger (collectively the "Merger Filings") shall be completed, executed and filed as soon as possible after all regulatory, board of directors and shareholder approvals are obtained in accordance with applicable law.

1.2. Effective Time. The Merger shall become effective (the "Effective Time") upon the approval of the Merger Plan by the FLOIR and the Rhode Island Insurance Department and filing of the Merger Filings with the Secretaries of State of Florida and Rhode Island.

ARTICLE II

Charter and Bylaws of the Surviving Corporation

2.1. The Articles of Incorporation. The Articles of Incorporation of PWIC in effect at the Effective Time shall be the Articles of Incorporation of the Surviving Corporation until duly amended as provided therein or by applicable law.

2.2. The Bylaws. The bylaws of PWIC in effect at the Effective Time shall be the bylaws of the Surviving Corporation until thereafter amended as provided therein or by applicable law.

ARTICLE III

Officers and Directors of the Surviving Corporation

3.1. Directors and Officers. The directors and officers of PWIC at the Effective Time shall be the directors and officers of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Articles of Incorporation and the Bylaws.

ARTICLE IV

Effect on Stock

4.1. Effect on Stock. At and as of the Effective Time, (a) all treasury and outstanding shares of capital stock of CAC shall be cancelled and retired without payment of any consideration therefore and shall cease to exist regardless of actual surrender of the certificates therefore, and (b) all treasury and outstanding shares of capital stock of PWIC shall remain unchanged in all respects.

ARTICLE V

Approvals and Authorization

5.1. Approvals. This Agreement is subject in all respects to the provisions of the applicable Florida and Rhode Island laws and regulations and shall not become effective until approval is obtained from the Departments of Insurance of the States of Florida and Rhode Island in accordance with the provisions of the laws of said states.

5.2. Authorization. The board of directors and the proper officers of CAC and PWIC are hereby authorized, empowered and directed to do any and all acts, and make, execute, deliver, file, and record any and all instruments, papers and documents which shall be or become necessary, proper or convenient to carry out or put into effect any of the provisions of this Agreement or of the Merger herein provided for.

ARTICLE VI

Pre-Merger Obligations

6.1. Conditions Precedent to Merger. As soon as practicable, the parties shall file with the Departments of Insurance in Rhode Island and Florida all of the documents required by applicable law. This Agreement and the transactions contemplated herein shall have been approved by the Departments of Insurance of the States of Rhode Island and Florida in accordance with the provisions of the laws of said states.

6.2. Shareholder Approval. At the earliest practicable date therefore without objection by applicable governmental authorities, this Agreement shall be duly submitted to vote by the shareholders of the parties to the extent and in the manner required by applicable law.

6.3. Actions and Proceedings. No action, suit or proceeding shall have been instituted or shall have been threatened before any court or other governmental body or by any public authority to restrain, enjoin or prohibit the transactions contemplated herein, or which might subject any of the parties hereto or their directors or officers to any material liability, fine, forfeiture or penalty on the grounds that the transactions contemplated hereby, the parties hereto or their directors or officers, have violated any applicable law

or regulation, or have otherwise acted improperly in connection with the transactions contemplated hereby.

ARTICLE VII

Termination and Amendment

Subject to compliance with applicable laws, at any time (whether before or after approval by the shareholders of PWIC and/or CAC):

7.1. Termination by Mutual Consent. The Board of Directors of CAC or PWIC may terminate this Agreement by mutual written consent prior to the Effective Time.

7.2. Amendment. The Board of Directors of CAC or PWIC may amend the terms and conditions of this Agreement and/or the exhibits hereto.

7.3. Effect of Termination. If this Agreement is terminated pursuant to Section 7.1. hereof this Agreement shall become void and of no effect with no liability on the part of any party hereto.

ARTICLE VIII

Miscellaneous

8.1. Reinsurance. All reinsurance agreements associated with CAC's business will remain intact as the reinsurance agreements do not restrict assignments. PWIC will become the successor in interest to CAC and assume its obligations including CAC's assumed reinsurance obligations¹.

8.2 Management and Operations. The management of CAC wishes to merge CAC into PWIC. The intent of the merger is to simplify the corporate structure by eliminating the CAC entity. Further, the effect of the merger would be a reduction in administrative costs associated with the preparation of quarterly and annual financial statements, state examinations, audited financial statements, state specific regulatory and compliance matters and other third party related expenses.

8.3 Service of Process. PWIC, the Surviving Corporation agrees that it may be served with process in the State of Rhode Island in any action, suit or proceeding for the enforcement of any obligation of CAC, the Merger Subsidiary, at the Service of Process address stated below:

¹As of September 30, 2013, CAC has only one insured with an open loss or expense reserve with a total value of \$317,145 and \$35,408 in IBNR and has assumed loss reserves from three cedants with a total value of \$924,986 at September 30, 2013 and \$762,932 in IBNR.

Providence Washington Insurance Company
475 Kilvert Street, Suite 330
Warwick, Rhode Island 02886
Attn: Donald Woellner

8.4 Location and Availability of Merger Plan. In accordance with any applicable law, the executed Merger Agreement is on file at the office of the surviving corporation, at 475 Kilvert Street, Suite 300, Warwick, RI, 02886. A copy of the Merger Agreement will be furnished by PWIC, on request and at no cost, to any stockholder of any constituent corporation.

8.5. Historical Financial Information. All required financial information with regard to PWIC and CAC has been previously filed with the Rhode Island Department of Business Regulation and the Florida Office of Insurance Regulation.

8.6. Accounting Treatment. SSAP No.68 Business Combinations and Goodwill governs the accounting treatment for the merger of CAC with PWIC. After the merger, PWIC will survive and CAC will cease its separate existence. SSAP No. 68 10. states; *"the statutory merger method of accounting is defined as accounting for a business combination in which the original investors in the investee receive equity of the reporting entity for their interest in the investee and only one entity survives"*.

Under the statutory merger method, no acquisition shall be recognized because the combination is accomplished without disbursing resources of the constituents. Ownership interest continues and the former statutory basis of accounting shall be retained. The recorded assets, liabilities and related surplus accounts of the constituents shall be carried forward to the combined corporation at their recorded statutory amounts. The capital accounts of the entities shall be adjusted as necessary to reflect the appropriate par values of the capital stock of the new entity. Adjustments to the capital stock account shall be made to gross paid-in and contributed surplus to the extent there is a balance in these accounts.

Income of the combined reporting entity shall include income of the constituents for the entire fiscal period in which the combination occurs and the balance sheet and the statement of operations for the two years presented shall be restated, as required by *"SSAP No.3-Accounting Changes and Corrections of Errors"*.

The general ledger account balances of CAC at the date of merger will be recorded on PWIC's ledger at the date of the merger.

The following disclosures required under SSAP No.68 (15) for business combinations recorded as a form of a statutory merger will be disclosed in the annual statement of PWIC:

- a) The names and brief description of the combined entities;

- b) Method of accounting, that is the statutory merger method;
- c) Description of the shares of stock issued in the transaction if any;
- d) Details of the results of operation of the previously separate entities for the period before the combination is consummated that are included in the current combined net income, including revenue, net income, and other changes in surplus; and
- e) A description of any adjustments recorded directly to surplus for any entity that previously did not prepare statutory statements.

8.7. Entire Agreement. This Agreement embodies the entire agreement between the parties, and there have been and are no agreements, representations or warranties among the parties other than those set forth herein or those provided for herein

8.8. Amendments. Any provision of this Agreement may be amended or waived prior to the Effective Time if, and only if, such amendment or waiver is in writing and signed by all parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective. Any such amendment shall require regulatory approval.

8.9. Waiver. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

8.10. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other parties hereto and regulatory approval.

8.11. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

8.12. Captions. The captions contained in this Agreement are for reference purposes only and are not part of this Agreement.

8.13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

8.14. Costs. Each of the parties hereto will pay its own fees and expenses incurred in connection with the transactions contemplated by this Agreement.

8.15. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Rhode Island without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the State of Rhode Island.

IN WITNESS WHEREOF, this Plan of Merger is hereby executed upon behalf of each of the parties thereto.

Providence Washington Insurance Company

By: N. Stavchagen

Title: Assistant Secretary

Witnessed:

By: [Signature]

Title: PARALEL

Capital Assurance Company, Inc.

By: N. Stavchagen

Title: Assistant Secretary

Witnessed:

By: [Signature]

Title: PARALEL