

August 23, 2013

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VIA E-MAIL: [vpeterson@lathropgage.com](mailto:vpeterson@lathropgage.com)

RE: Form A Dated March 20, 2013, Submitted by Gregory M. Shepard

Dear Mr. Peterson,

In reviewing the responses provided in your July 19, 2013, letter to the Department, it appears we have not received a complete response to question 1, as stated:

Your response letter did not provide the name of the publicly traded company. Also, the audited financial statements of March 15, 2013, do not appear to agree with the response provided. To be as clear as possible, *the Department requests a complete list of assets held by Mr. Shepard, to include a listing of companies in which shares are held, the number of shares and their current market value.* We also request a list of the specific shares that will be sold to pay the \$28,879,080 for the DGI shares to be acquired.

Additionally, we have identified some questions concerning your response to Additional Items 2, which starts on page 7 of your letter.

1. Since Mr. Shepard is no longer affiliated with any insurance companies, what happened to his holdings in American Union Insurance Company and all subsidiaries?
2. We don't understand what AIG's interest and subsequent acquisition of 20<sup>th</sup> Century Group has to do with the discussion.
3. In lines 2 and 3 of page 9, do you mean 1998 instead of 2008 and 1999 instead of 2009?
4. How did the sale by American Union Life Insurance Company of Union Auto Indemnity Company and most of its property and casualty operations contribute to the liquidation of Illinois HealthCare when Illinois HealthCare was formed in late 1997 and the sale occurred on January 1, 1997?

5. Are the terms "American Union Life" and "AULIC" referring to the same company?
6. A statement on Page 10 indicates that there were nine liquidations in Illinois in 2000, what was the total number of insurers licensed in Illinois in 2000?
7. The final paragraph on page 10 indicates that Mr. Shepard saved 63,000 policies by the sale of Union Automobile Indemnity Company, what was the profit to AUIC for the sale?
8. Please provide a rationale for the decision to walk away from Illinois Healthcare instead of managing the company through a run-off process.

As to the Amendments to the Form A provided by your letter of August 1, 2012, please provide a restated Form A which incorporates all the amendments provided, and a red-lined version of the original documents.

Please provide a response to the comments provided by DGI in Mr. Pratter's letter to the department of August 21, 2013.

Review of the entire Form A is on-going and you should not consider this letter to contain all of the questions that the Department may have on the materials.

Please feel free to contact me directly should you have any questions concerning this correspondence.

Sincerely yours;



Kimberly A. Rankin  
Director, Bureau of Company Licensing  
and Financial Analysis