

STATE OF ARIZONA
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DEPARTMENT OF INSURANCE

DEPT OF INSURANCE

BY *[Signature]*

In the Matter of the)
Acquisition of Control of)
Republic-Vanguard Insurance)
Company)
(NAIC No. 40479),)
Insurer,)
By)
Delek Group LTD., Delek Investment)
and Properties LTD., Delek Capital)
LTD., Arrow Capital US Inc, and Arrow)
Subsidiary Corporation)
Petitioner.)

Docket No. 06A-213-INS

ORDER APPROVING
ACQUISITION

On September 5, 2006, Delek Group LTD., Delek Investment and Properties LTD., Delek Capital LTD., Arrow Capital US Inc, and Arrow Subsidiary Corporation ("Petitioner") submitted an application for the acquisition of control of Republic-Vanguard Insurance Company ("Insurer") with the Arizona Department of Insurance (the "Department") for approval of Petitioner as the controlling person of the Insurer pursuant to the provisions of A.R.S. §§20-481 through 20-481.30 and A.A.C. R20-6-1402.

Based upon reliable evidence provided to the Director of Insurance ("Director") by the Assistant Director of the Financial Affairs Division of the Department, the Director

1 makes the following Findings of Fact, Conclusions of Law and enters the following
2 Order:

3 FINDINGS OF FACT

4 1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.

5 2. The Petitioner filed a statement as referred to in A.R.S. §§20-481.02 and
6 20-481.03, in the form required by A.A.C. R20-6-1402.

7 3. The Insurer and its security holders waived the ten (10) day advance filing
8 notice to be given as required by A.R.S. §20-481.07.

9 4. No evidence has been produced that would indicate or form the basis for a
10 finding that the Petitioner's acquisition of control of the Insurer:

11 a. Is contrary to law;

12 b. Is inequitable to the shareholders of any domestic insurer involved;

13 c. Would substantially reduce the security of and service to be rendered to
14 the policyholders of the domestic insurer in this State or elsewhere;

15 d. After the change of control the domestic insurer, would not be able to
16 satisfy the requirements for the reissuance of a Certificate of Authority to write the line
17 or lines of insurance for which it is presently licensed;

18 e. Would have the effect of substantially lessening competition in insurance
19 in this state, or tend to create a monopoly;

20 f. Might jeopardize the financial stability of the Insurer or prejudice the
21 interest of its policyholders, based upon the financial condition of any acquiring party;

22 g. Is unfair and unreasonable to policyholders of the Insurer and is not in the
23 public interest, based upon the plans or proposals that the acquiring party has to
24 liquidate the insurer, sell its assets or consolidate or merge it with any person, or to
25 make any other material change in its business or corporate structure or management;

1 h. Would not be in the public interest of policyholders of the Insurer and of
2 the public to permit the merger or other acquisition of control based upon the
3 competence, experience and integrity of those persons who would control the operation
4 of the Insurer; or

5 i. Would likely be hazardous or prejudicial to the insurance-buying public.

6 5. The Petitioner furnished completed fingerprint cards to the Department to
7 enable the Department to determine if Petitioner's officers or directors have been
8 charged with or convicted of a felony or misdemeanor other than minor traffic violations.
9 The results of the analysis of the fingerprint cards submitted by the Petitioner's officers
10 and directors have not been received by the Department. The Petitioner's officers and
11 directors made representations material to the issuance of the Order in this matter that
12 none of its officers or directors have been charged with or convicted of a felony or
13 misdemeanor other than minor traffic violations.

14 6. The interests of policyholders, shareholders or the public will be served by
15 the publication of all information, documents and copies, relating to the Insurer and
16 Petitioner, and obtained by or disclosed to the Director, or any other person in the
17 course of a filing, an examination, or investigation made pursuant to A.R.S. §§20-
18 481.03, 20-481.10 and 20-481.20, except the following:

19 a. Biographical affidavits and fingerprint cards of Petitioner's officers and
20 directors; and

21 b. Insurer disclosure letter to the Agreement and Plan of Merger dated as of
22 August 4, 2006.

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1 CONCLUSIONS OF LAW

2 1. The application established that none of the enumerated grounds set forth
3 in A.R.S. §20-481.07(A) exist so as to provide a basis for disapproval or rejection of
4 Petitioner's acquisition of control of the Insurer.

5 2. Petitioner presented credible evidence for approval of its acquisition of
6 control of the Insurer and the Petitioner to be a controlling person pursuant to the
7 provisions of A.R.S. §§20-481 through 20-481.30, and A.A.C. R20-6-1402.

8 ORDER

9 THEREFORE, I, CHRISTINA URIAS, Director of Insurance of the State of
10 Arizona, for the purpose of protecting and preserving the public health, safety and
11 welfare, and by virtue of the authority vested in me by A.R.S. §§20-142, 20-481 through
12 20-481.30, and A.A.C. R20-6-1402 hereby order that :

13 1. The acquisition of control of the Insurer by the Petitioner is approved,
14 subject to the following express condition:

15 If the completed fingerprint cards furnished to the Department of Insurance
16 reveal that Petitioner's officers or directors have been charged with or convicted of a
17 felony or misdemeanor other than minor traffic violations, the individual(s) shall be
18 removed as an officer and/or director of the Petitioner within 30 days after notice to
19 Petitioner by the Department of Insurance and shall be replaced with an officer or
20 director acceptable to the Director. If Petitioner fails to take the prescribed action within
21 30 days, this failure will constitute an immediate danger to the public and the Director
22 may immediately suspend or revoke Insurer's certificate of authority without further
23 proceedings.

24 2. All information, documents and copies relating to the Insurer and
25 Petitioner obtained by or disclosed to the Director of Insurance of the State of Arizona,

1 or any other person in the course of a filing, an examination or investigation made
2 pursuant to A.R.S. §§20-481.03 and 20-481.20, shall not be given confidential
3 treatment, shall be subject to subpoena and shall be made public documents, subject to
4 inspection, examination or copying by any person, except the following:

5 a. Biographical affidavits and fingerprint cards of Petitioner's officers and
6 directors; and

7 b. Insurer disclosure letter to the Agreement and Plan of Merger dated as of
8 August 4, 2006.

9 3. The Petitioner shall advise the Director in writing of the effective date of
10 the change of control.

11 4. Upon consummation of this acquisition, the Insurer shall file its registration
12 statement in the form prescribed by A.R.S. §20-481.10 and within the time period
13 prescribed by A.R.S. §20-481.13. If the registration statement would duplicate the
14 information previously submitted by the Petitioner in the statement filed with the
15 Department pursuant to A.R.S. §20-481.03 and there have been no material changes
16 since the filing of that statement, then the Insurer shall submit a statement to that effect
17 incorporating by reference the statement previously filed with the Department in lieu of
18 the registration statement.

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1 5. The failure to adhere to one or more of the above terms and conditions
2 shall result without further proceedings in the suspension or revocation of the Insurer's
3 Certificate of Authority.

4 DATED this 15th day of November 2006.

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8 CHRISTINA URIAS
9 Director Of Insurance

10 COPY of the foregoing mailed
11 this 16th day of Nov., 2006,

12 Gerrie Marks, Deputy Director
13 Mary Butterfield, Assistant Director
14 Catherine O'Neil, Consumer Legal Affairs Officer
15 Steven Ferguson, Assistant Director
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17 Kurt Regner, Chief Financial Analyst
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