

MAR 14 2014

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY 

1 In the Matter of the Acquisition of Control of)
 2)
 3 **First Guard Insurance Company**)
 4 **(NAIC No. 10676)**)
 5)
 6 **Insurer,**)
 7)
 8 By)
 9 **Biglari Holdings Inc.,**)
 10)
 11 **Petitioner.**)

Docket No. 14A-028-INS

**ORDER APPROVING
ACQUISITION**

11 On January 29, 2014, Biglari Holdings Inc. ("Petitioner") submitted an application for the
 12 acquisition of control of First Guard Insurance Company ("Insurer") to the Arizona Department
 13 of Insurance (the "Department") for approval of Petitioner as the controlling person of the
 14 Insurer pursuant to the provisions of A.R.S. §§20-481 through 20-481.30 and A.A.C. R20-6-
 15 1402.

16 Based upon reliable evidence provided to the Director of Insurance ("Director") by the
 17 Assistant Director of the Financial Affairs Division of the Department, the Director finds as
 18 follows:

FINDINGS OF FACT

- 20 1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.
- 21 2. The Petitioner filed a statement as referred to in A.R.S. §§20-481.02 and 20-
 22 481.03, in the form required by A.A.C. R20-6-1402.

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

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

5 a. Is contrary to law;

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

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

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

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

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

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

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

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

1 If the completed fingerprint cards furnished to the Department of Insurance reveal that
2 Petitioner's officers or directors have been charged with or convicted of a felony or
3 misdemeanor other than minor traffic violations, the individual(s) shall be removed as an
4 officer and/or director of the Petitioner within 30 days after notice to Petitioner by the
5 Department and shall be replaced with an officer or director acceptable to the Director. If
6 Petitioner fails to take the prescribed action within 30 days, this failure will constitute an
7 immediate danger to the public and the Director may immediately suspend or revoke Insurer's
8 Certificate of Authority without further proceedings.

9 2. Subject to A.R.S. §20-481.21, all documents, materials and other information
10 that is in the possession or control of the Department and that was obtained by or disclosed to
11 the Director or any other person in the course of filing the application is confidential and
12 privileged, is not subject to Title 39, Chapter 1, Article 2 and is not subject to subpoena.

13 3. The Petitioner shall advise the Director in writing of the effective date of the
14 change of control.

15 4. Upon consummation of this acquisition, the Insurer shall file its registration
16 statement in the form required by A.A.C. R20-6-1403.B and within the time period prescribed
17 by A.R.S. §20-481.13. If the registration statement would duplicate the information previously
18 submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. §20-
19 481.03 and there have been no material changes since the filing of that statement, then the
20 Insurer shall submit a statement to that effect incorporating by reference the statement
21 previously filed with the Department in lieu of the registration statement;

