STATE OF ARIZONA FILED

DEC 22 2014

DEPT OF INSURANCE

Docket No. 14A-130-INS

ORDER APPROVING ACQUISITION

On October 30, 2014, Global Indemnity Group, Inc., U.A.I. (Luxembourg) Investment S.A. R.L., U.A.I. (Luxembourg) IV S.A. R.L., U.A.I. (Luxembourg) III S.A. R.L., U.A.I. (Luxembourg) II S.A R.L., U.A.I. (Luxembourg) I S.A R.L., Global Indemnity Reinsurance Company, Limited, Global Indemnity (Cayman) Limited, Global Indemnity (Gibraltar) Limited, Global Indemnity (Luxembourg) S.A R.L., United America Indemnity, Limited, Global Indemnity PLC, U.N. Holdings (Cayman), Limited, U.N. Holdings (Cayman) II, Limited, Fox Paine Capital Fund II International, L.P., Fox Paine International GP, Ltd., and Fox Paine Capital

International GP, L.P. ("Petitioner") submitted an application for the acquisition of control of American Reliable Insurance Company ("Insurer") to 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 20-481.32 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 finds as follows:

FINDINGS OF FACT

- 1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.
- 2. The Petitioner filed a statement as referred to in A.R.S. §§20-481.02 and 20-481.03, in the form required by A.A.C. R20-6-1402.
- 3. The Insurer and its security holders waived the ten (10) day advance filing notice to be given as required by A.R.S. §20-481.07(D).
- 4. No evidence has been produced that would indicate or form the basis for a finding that the Petitioner's acquisition of control of the Insurer:
 - a. Is contrary to law;
 - b. Is inequitable to the shareholders of any domestic insurer involved;
- c. Would substantially reduce the security of and service to be rendered to the policyholders of the domestic insurer in this State or elsewhere;
- d. After the change of control the domestic insurer, would not be able to satisfy the requirements for the reissuance of a Certificate of Authority to write the line or lines of insurance for which it is presently licensed;

- e. Would have the effect of substantially lessening competition in insurance in this state, or tend to create a monopoly;
- f. Might jeopardize the financial stability of the Insurer or prejudice the interest of its policyholders, based upon the financial condition of any acquiring party;
- g. Is unfair and unreasonable to policyholders of the Insurer and is not in the public interest, based upon the plans or proposals that the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management;
- h. Would not be in the public interest of policyholders of the Insurer and of the public to permit the merger or other acquisition of control based upon the competence, experience and integrity of those persons who would control the operation of the Insurer; or
 - i. Would likely be hazardous or prejudicial to the insurance-buying public.
- 5. The Petitioner furnished completed fingerprint cards to the Department to enable the Department to determine if Petitioner's officers or directors have been charged with or convicted of a felony or misdemeanor other than minor traffic violations. The results of the analysis of the fingerprint cards submitted by the Petitioner's officers and directors have not been received by the Department. The Petitioner's officers and directors made representations material to the issuance of the Order in this matter that none of its officers or directors have been charged with or convicted of a felony or misdemeanor other than minor traffic violations.

- 6. The Petitioner filed the following to comply with A.R.S. §§20-481.03(A)(14) and 20-481.03(A)(15):
- a. An agreement that the Petitioner will file with the Director the annual enterprise risk report pursuant to A.R.S. §20-481.10(D) while in control of the insurer; and
- b. An acknowledgement that the Petitioner and all subsidiaries in its control in the insurance holding company system will provide all information requested by the Director for the Director to evaluate enterprise risk to the insurer.

CONCLUSIONS OF LAW

- 1. The application established that none of the enumerated grounds set forth in A.R.S. §20-481.07(A) exist so as to provide a basis for disapproval or rejection of Petitioner's acquisition of control of the Insurer.
- 2. Petitioner presented credible evidence for approval of its acquisition of control of the Insurer and the Petitioner to be a controlling person pursuant to the provisions of A.R.S. §§20-481 through 20-481.32 and A.A.C. R20-6-1402.

ORDER

THEREFORE, I, GERMAINE L. MARKS, Director of Insurance of the State of Arizona, for the purpose of protecting and preserving the public health, safety and welfare, and by virtue of the authority vested in me by A.R.S. §§20-142, 20-481 through 20-481.32, and A.A.C. R20-6-1402 hereby order that:

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

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

- 2. Subject to A.R.S. §20-481.21(A), all documents, materials and other information that is in the possession or control of the Department and that was obtained by or disclosed to the Director or any other person in the course of filing the application is confidential and privileged, is not subject to Title 39, Chapter 1, Article 2 and is not subject to subpoena.
- The Petitioner shall advise the Director in writing of the effective date of the change of control.
- 4. Upon consummation of this acquisition, the Insurer shall file its registration statement in the form required by A.A.C. R20-6-1403(B) and within the time period prescribed by A.R.S. §20-481.13. If the registration statement would duplicate the information previously submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. §20-481.03 and there have been no material changes since the filing of that statement, then the Insurer shall submit a statement to that effect incorporating by reference the statement previously filed with the Department in lieu of the registration statement;

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2 1	result without further proceedings in the suspension or revocation of the Insurer's Certificate of
3	Authority.
4	Effective this 19th day of December, 2014.
5	Germane L. Manter
6	GERMAINE L. MARKS
7	Director of Insurance
8	COPY of the foregoing mailed/delivered this 22nd day of December , 2014, to:
9	J. Michael Low, Esq.
10	Low & Cohen, PLLC 2999 North 44 th Street, Suite 550
	Phoenix, Arizona 85018
	Linda C. Hohn, Vice President Global Indemnity Group, Inc.
	Three Bala Plaza East, Suite 300 Bala Cynwyd, Pennsylvania 19004
14	Germaine L. Marks, Director of Insurance Mary Kosinski, Executive Assistant for Regulatory Affairs
15	Yvonne Hunter, Assistant Director Kurt A. Regner, CFE, Assistant Director
16	Catherine O'Neil, Consumer Legal Affairs Officer Stephen D. Clutter, Public Information Officer
17	Arizona Department of Insurance
18	2910 N. 44 th Street, Suite 210 Phoenix, Arizona 85018
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20	Mardene Schemen
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