

STATE OF ARIZONA

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FILED

DEPARTMENT OF INSURANCE

DEC 22 2014

DEPT OF INSURANCE

BY *[Signature]*
Docket No. 14A-130-INS

In the Matter of the Acquisition of Control of)
)
American Reliable Insurance Company)
(NAIC No. 19615))

ORDER APPROVING
ACQUISITION

Insurer,)

By)
)
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.)

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

1 International GP, L.P. ("Petitioner") submitted an application for the acquisition of control of
2 American Reliable Insurance Company ("Insurer") to the Arizona Department of Insurance
3 (the "Department") for approval of Petitioner as the controlling person of the Insurer pursuant
4 to the provisions of A.R.S. §§20-481 through 20-481.32 and A.A.C. R20-6-1402.

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

8 FINDINGS OF FACT

- 9 1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.
- 10 2. The Petitioner filed a statement as referred to in A.R.S. §§20-481.02 and 20-
11 481.03, in the form required by A.A.C. R20-6-1402.
- 12 3. The Insurer and its security holders waived the ten (10) day advance filing notice
13 to be given as required by A.R.S. §20-481.07(D).
- 14 4. No evidence has been produced that would indicate or form the basis for a
15 finding that the Petitioner's acquisition of control of the Insurer:
 - 16 a. Is contrary to law;
 - 17 b. Is inequitable to the shareholders of any domestic insurer involved;
 - 18 c. Would substantially reduce the security of and service to be rendered to the
19 policyholders of the domestic insurer in this State or elsewhere;
 - 20 d. After the change of control the domestic insurer, would not be able to satisfy the
21 requirements for the reissuance of a Certificate of Authority to write the line or lines of
22 insurance for which it is presently licensed;
 - 23

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

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

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

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

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

13 5. The Petitioner furnished completed fingerprint cards to the Department to enable
14 the Department to determine if Petitioner's officers or directors have been charged with or
15 convicted of a felony or misdemeanor other than minor traffic violations. The results of the
16 analysis of the fingerprint cards submitted by the Petitioner's officers and directors have not
17 been received by the Department. The Petitioner's officers and directors made
18 representations material to the issuance of the Order in this matter that none of its officers or
19 directors have been charged with or convicted of a felony or misdemeanor other than minor
20 traffic violations.

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(A), 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;

