

APR 11 2016

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE DEPT OF INSURANCE  
BY ms

In the Matter of the Acquisition of Control of )  
)  
4 **Republic-Vanguard Insurance Company** )  
(NAIC No. 40479) )  
)  
6 **Insurer,** )  
)  
7 By )  
)  
8 **Amtrust Financial Services, Inc.,** )  
)  
)  
9 **Petitioner.** )  
10 \_\_\_\_\_)

Docket No. 16A-050-INS

**ORDER APPROVING  
ACQUISITION**

11 On October 26, 2015, Amtrust Financial Services, Inc. ("Petitioner") submitted an  
12 application for the acquisition of control of Republic-Vanguard Insurance Company ("Insurer") to  
13 the Arizona Department of Insurance (the "Department") for approval of Petitioner as the  
14 controlling person of the Insurer pursuant to the provisions of A.R.S. §§20-481 through 20-  
15 481.32 and A.A.C. R20-6-1402.

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(D).

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 insurer,  
18 sell its assets or consolidate or merge it with any person, or to make any other material change  
19 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.  
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1 5. The Petitioner filed the following to comply with A.R.S. §§20-481.03(A)(14) and  
2 20-481.03(A)(15):

3 a. An agreement that the Petitioner will file with the Director the annual enterprise  
4 risk report pursuant to A.R.S. §20-481.10(D) while in control of the insurer; and

5 b. An acknowledgement that the Petitioner and all subsidiaries in its control in the  
6 insurance holding company system will provide all information requested by the Director for the  
7 Director to evaluate enterprise risk to the insurer.

### 8 **CONCLUSIONS OF LAW**

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

13 2. Petitioner presented credible evidence for approval of its acquisition of control of  
14 the Insurer and the Petitioner to be a controlling person pursuant to the provisions of A.R.S.  
15 §§20-481 through 20-481.32 and A.A.C. R20-6-1402.

### 16 **ORDER**

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

21 1. The acquisition of control of the Insurer by the Petitioner is approved.

22 2. Subject to A.R.S. §20-481.21(A), all documents, materials and other information  
23 that is in the possession or control of the Department and that was obtained by or disclosed to  
24

1 the Director or any other person in the course of filing the application is confidential and  
2 privileged, is not subject to Title 39, Chapter 1, Article 2 and is not subject to subpoena.

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

5 4. Upon consummation of this acquisition, the Insurer shall file its registration  
6 statement in the form required by A.A.C. R20-6-1403(B) and within the time period prescribed  
7 by A.R.S. §20-481.13. If the registration statement would duplicate the information previously  
8 submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. §20-  
9 481.03 and there have been no material changes since the filing of that statement, then the  
10 Insurer shall submit a statement to that effect incorporating by reference the statement  
11 previously filed with the Department in lieu of the registration statement;

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

15 Effective this 8<sup>th</sup> day of April, 2016.

17 

18 LESLIE R. HESS

19 Interim Director of Insurance

20  
21 COPY of the foregoing mailed/delivered  
22 this 11<sup>th</sup> day of April, 2016, to:

23 Adam B. Perri, Vice President, Insurance Regulatory Counsel  
24 AmTrust Financial Services, Inc.  
59 Maiden Lane, 42<sup>nd</sup> Floor  
New York, New York 10038

1 Mary Kosinski, Executive Assistant for Regulatory Affairs  
Consumer Affairs Division, Assistant Director  
2 Kurt A. Regner, CFE, Assistant Director  
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5 Maidene Scheiner

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