

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402, and
: 1403 of the Insurance Holding
Application of Eastern Atlantic : Companies Act, Article XIV of the
Insurance Company Requesting : Insurance Company Law of 1921, Act of
Exemption from the Requirements of 40 : May 17, 1921, P.L. 682, as amended, 40
P.S. §991.1402 for the Restructure of its : P.S. §§991.1401, 991.1402, and
Insurance Holding Company System : 991.1403
:
: Order No. ID-RC-16-14

DECISION AND ORDER

AND NOW, on this 11th day of August, 2016, Joseph DiMemmo, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act and in consideration of the documents, presentations, and reports received, as well as other inquiries and studies as permitted by law, the Deputy Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Parties

1. Eastern Atlantic Insurance Company (“EAIC”) is a stock casualty insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Harrisburg, Pennsylvania.
2. Residential Warranty Company, LLC (“RWC”) is a limited liability company organized under the laws of the State of Nevada with its principal place of business located in Harrisburg, Pennsylvania. RWC owns 25.13% of the voting securities of EAIC.
3. George A. Parmer (“Parmer”) is an individual with his principal place of business located in Harrisburg, Pennsylvania. Parmer owns 51.33% of the voting securities of

EAIC and 20.8% of the membership interest in RWC.

4. Parmer is an ultimate controlling person of EAIC.

Filing of the Application

5. On June 29, 2016, the Pennsylvania Insurance Department (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from EAIC for approval to restructure its holding company system.
6. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all transactions affecting the control of a domestic insurer must be filed with the Department for approval or disapproval.
7. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
8. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction:
 - a. does not have the effect of changing or influencing the control of a domestic insurer, or
 - b. is otherwise not comprehended within the purposes of the section.

The Transaction

9. As described in the Request, a series of transactions are proposed to occur, one immediately after the other, to result in Parmer increasing his control of EAIC. The series of transactions are as follows:
 - a. The decanting of two existing trusts identified as GAP Combined 97 Trust and JMP Combined 97 Trust into Parmer 2016 Descendants Transfer Trust (“Parmer 2016 Trust”), a South Dakota Trust with two shares.
 - b. The voting and non-voting stock of EAIC owned by RWC will be distributed to the Parmer 2016 Trust.
 - c. The Parmer 2016 Trust will sell all voting securities of EAIC to Parmer.
 - d. Parmer will sell the vast majority of non-voting shares of EAIC to Parmer 2016 Trust.

- e. The Parmer 2016 Trust will move \$15 million in value of EAIC non-voting shares to two additional Parmer Trusts -- "George Adam Parmer 2016 Descendants Trust" and "Jeaneve M. Parmer 2016 Descendants Trust."
- 10. As a result of the transactions above, Parmer will control 95.94% of the voting securities of EAIC and be the sole ultimate controlling person of EAIC.
- 11. The Deputy Commissioner finds that the transaction described in the Request would not have the effect of changing or influencing the control of a domestic insurer.
- 12. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

CONCLUSIONS OF LAW

- 1. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the acquisition of a controlling interest of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
- 2. The Insurance Commissioner has delegated authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer to the Deputy Insurance Commissioner.
- 3. The Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
- 4. The Request was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
- 5. The increase in the percent of ownership of voting securities as presented in the Request is not being contemplated to change or influence the control of the EAIC, and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
- 6. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

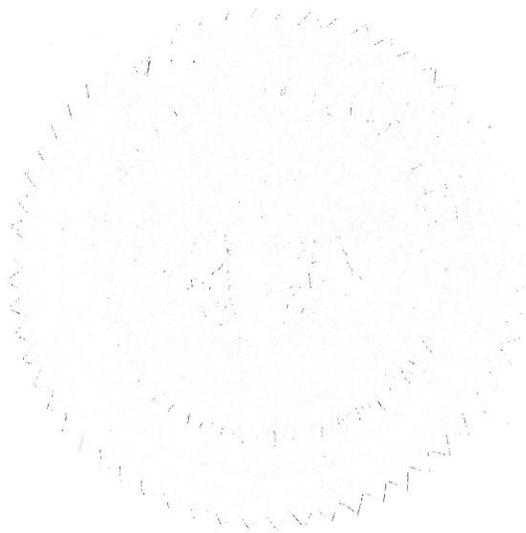
In Re: : Pursuant to Sections 1401, 1402, and
Application of Eastern Atlantic : 1403 of the Insurance Holding
Insurance Company Requesting : Companies Act, Article XIV of the
Exemption from the Requirements of 40 : Insurance Company Law of 1921, Act of
P.S. §991.1402 for the Restructure of its : May 17, 1921, P.L. 682, as amended, 40
Insurance Holding Company System : P.S. §§991.1401, 991.1402, and
: 991.1403
: :
: Order No. ID-RC-16-14

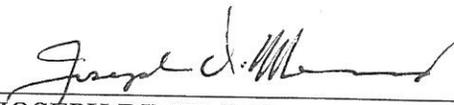
ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania, hereby makes the following Order:

An approving determination for the request of Eastern Atlantic Insurance Company for exemption from the requirements of 40 P.S. §991.1402 for the restructure of its insurance holding company system, as set forth in the request, is hereby granted.

This Order is effective immediately and valid for one (1) year from the date of signature, provided there are no significant changes from the request.





JOSEPH DIMEMMO
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation