

FORM A

STATEMENT REGARDING THE ACQUISITION OF CONTROL OF

PROFESSIONAL CASUALTY ASSOCIATION,

a Reciprocal Insurer

Domiciled in the Commonwealth of Pennsylvania

by

DSN HOLDINGS, INC.

Filed with the Pennsylvania Department of Insurance

Dated: January 30, 2014

Names, Titles, Addresses and Telephone Numbers of Individuals to Whom
Notices and Correspondence Concerning This Statement Should be Addressed:

Scott H. Spencer, Esq.
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51 South Duke Street
Lancaster, Pa 17602
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Item 1. Insurer and Method of Acquisition

State the name, NAIC code number and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

This application relates to the acquisition of control of Professional Casualty Association, a Pennsylvania domestic insurer (“PCA”), whose statutory home office and main administrative office is located at 1012 West Ninth Avenue, 2nd Floor, King of Prussia, PA 19406. The NAIC number of PCA is 11675.

PCA is a reciprocal insurer whose business is conducted by an attorney-in-fact (“AIF”). The AIF is Professional Third Party, LP, a Pennsylvania limited partnership whose principal place of business is likewise located 1012 West Ninth Avenue, 2nd Floor, King of Prussia, PA 19406 (“PTP”). The Applicant (identified as such below) understands that the AIF is deemed to control PCA by virtue of the management contract that exists between the AIF and PCA.

The Applicant will acquire 100% of the general and limited partnership interests of PTP, making PTP wholly-owned by the Applicant. The management contract with PCA will remain in place and unaffected by such transaction, and, as a result, the Applicant will control PCA.

The Applicant has entered into an agreement dated December 27, 2013, to acquire PTP, which is subject to the approval requested herein. The purchase price to acquire PTP is \$12.5 million in cash, which is anticipated to be funded with a combination of senior debt financing provided by Oak Street Funding and equity capital from Enstar Group Ltd., a NASDAQ listed insurance company. As of the date of this application, DSN has received a commitment letter from Oak Street regarding the loan and an indication of interest from Enstar for the equity investment.

Item 2. Identity and Background of the Applicant

A. State the name and address of the applicant seeking to acquire control over the insurer.

The applicant is DSN Holdings, Inc., a Delaware corporation (“DSN” or the “Applicant”).

The Applicant’s principal office address is:

42 Timberwood Drive
Silver Creek, Georgia, 30173

B. If the applicant is not an individual, state the nature of its business operations for the past five (5) years or for such lesser period as the person and any predecessors thereof shall have been in existence. Briefly describe the business intended to be done by the applicant and the applicant’s subsidiaries.

DSN Holdings, Inc. is a diversified holding company being formed for insurance services businesses serving the medical malpractice industry.

DSN was organized in 2013 and raised over \$1 million in initial equity capital to pay its organization and start-up costs. DSN evaluated several acquisition candidates and in 2013 entered into agreements to acquire three founding companies focused on the medical professional liability insurance services market, as follows:

- **Healthcare Professional Services, Inc. (“HPSI”), a wholesale medical professional liability broker that places approximately \$40 million in premiums annually and had 2013 commission revenue of approximately \$3.7 million.**
- **International Specialty Brokers, Ltd. (“ISBL”), a reinsurance broker with 2013 commission revenue of \$1.2 million.**
- **Bold Legal Defense Insurance Company, a provider of medical malpractice legal defense insurance and Bold’s affiliate, Andrews Outsource Solutions, LLC (“Bold/AOS”), a claims management company, with aggregate 2013 revenue of approximately \$5.4 million.**

The Applicant expects to close on the acquisitions of the founding companies in early to mid-February, 2014. Closing papers have been executed and are being held in escrow,

pending only receipt of approval from the Florida Office of Insurance Regulation for the acquisition of Bold Legal Defense Insurance Company, Inc..

Attached as Exhibit I is a pro forma financial statement illustrating the pro forma combined operations of DSN and its founding subsidiaries for the three-year period ending December 31, 2013. *Applicant requests confidential treatment of Exhibit I as it contains non-public financial information.*

As discussed below, the founders and key operating executives of each of the founding companies will stay on as managers with DSN and will continue to operate their historic operating units, ensuring the level of skill and continuity necessary for success.

Management and Key Employees:

Alan Waring is the President and CEO. Alan has been in the (re)insurance industry for over 33 years, as both an underwriter and broker, operating in the Dublin, London, Bermuda and US markets. Prior to starting International Specialty Brokers Limited, Alan was from 2004 through 2011 the President of Crump International Ltd, which he established and developed as the international broking operation of Crump Group, one of the largest US wholesale insurance brokers. From 1995 through 2003, he was EVP of Arthur J. Gallagher Intermediaries Limited, where he developed the Bermuda insurance and reinsurance broking platform for Arthur J Gallagher & Co, one of the world's largest retail broking operations headquartered in Chicago, Illinois. He joined the insurance industry in Dublin, Ireland in 1979 with Sun Alliance Insurance Group (now Royal Sun Alliance), moving to London, England with the company in 1984 and subsequently, in 1993, growing to be the youngest Board appointed manager at the time in the position of London Regional Marketing and Sales Manager . During his career, Alan has operated in all sectors of the (re)insurance industry and has experience in all major classes of insurance, reinsurance and alternative risk, including captives. Alan is active on numerous industry boards and is Chairman of the Bermuda Insurance and Reinsurance Brokers Association. He is qualified as an Associate of the Chartered Insurance Institute and has a postgraduate degree in marketing and management from Westminster University in London, England.

Sara Carpenter is the Executive Vice President and CFO. Prior to the founding of the Applicant, for the last approximately fourteen years, she has concurrently acted as CFO for Alliant Health Plans, Inc., Physicians Insurance Program Exchange (PIPE) and Doctors & Surgeons National Risk Retention Group, Inc. Prior to 1998 she was President of Enterprise Corporate Services, providing accounting and consulting services to healthcare providers including Physicians National Risk Retention, Inc., the first multistate RRG formed under the Risk Retention Act. Sara has a Masters in Accountancy and is a CPA.

Steven L. Lubell is a founder of BOLD Legal Defense Insurance Company and is also a Partner at the law firm of Lubell & Rosen. Mr. Lubell represents large medical practices as well as individual doctors in the areas of medical malpractice defense matters and administrative proceedings, including Department of Health and Agency for Healthcare Administration investigations and Medicare / Medicaid complaints. Mr. Lubell is Board

Certified in Civil Trial Law by the Florida Bar. Board Certification is the highest level of evaluation by the Florida Bar of competency and experience within the areas of law, and professionalism and ethics in a practice. Mr. Lubell has received the highest "AV" rating by the Martindale-Hubbell National Attorney Rankings.

Mark L. Rosen is a founder of BOLD Legal Defense Insurance Company and also a Partner at the law firm of Lubell & Rosen. Mr. Rosen represents physicians in both medical malpractice defense matters and administrative proceedings before the Florida Department of Health and the Agency for Healthcare Administration, and has helped doctors reinstate their medical licenses from the Florida Department of Health. Mark Rosen is a Florida Bar Certified Health Law Attorney. Mr. Rosen began his legal career in debt collections, where he became familiar with the many tactics used by collectors to circumvent asset-protection strategies and obtain funds from judgment debtors- the very tactics he now protects physicians against. Mr. Rosen has received the highest "AV" rating by the Martindale-Hubbell National Attorney Rankings.

C. Furnish a chart or listing clearly presenting the identities and the interrelationships among the applicant and all affiliates of the applicant. No affiliate need be identified if its total assets are equal to less than 1/2 of 1% of the total assets of an ultimate controlling person affiliated with the applicant. Indicate in the chart or listing the percentage of voting securities of each person which is owned or controlled by the applicant or by any other person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of control. As to each person specified in the chart or listing indicate the type of organization (e.g. corporation, trust, partnership) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

Please see the discussion under *Item 4* concerning the status of Enstar Holdings, Ltd. ("Enstar") as a potential shareholder of the Applicant but currently not an affiliate. Information in this Form A (including Exhibits II, III, and IV) is presented with Enstar included on a pro forma basis only and does not constitute a statement that Enstar will be an affiliate.

Attached as Exhibit II is an organization chart of the Applicant setting forth all entities in which it holds an ownership interest currently (assuming the pending closing on the founding companies) and on a pro forma basis with the acquisition of PTP. *Applicant requests confidential treatment of Exhibit II as it identifies the percentage shareholdings of individuals, which is private information.*

Attached as Exhibit III is a table of shareholders of the Applicant setting forth all 10% shareholders of DSN currently (assuming the pending closing on the founding companies) and on a pro forma basis with the acquisition of PTP. *Applicant requests confidential treatment of Exhibit III as it identifies the percentage shareholdings of individuals, which is private information.*

Attached as Exhibit IV is a table setting forth the directors and executive officers of the Applicant currently (assuming the pending closing on the founding companies) and on a pro forma basis with the acquisition of PTP.

Attached as Exhibits V-1 through V-4 are tables showing the management and ownership of each entity that is a 10% shareholders of the Applicant (either currently or on a pro forma basis with the acquisition of PTP), as well as financial information on each 10% shareholder.

Exhibit V-1	Joycian Limited
Exhibit V-2	The 2012 Sara M. Carpenter Irrevocable Trust
Exhibit V-3	The Diane P. Campbell 2013 Irrevocable Trust
Exhibit V-4	Enstar Group, Ltd.* *On a pro forma basis and subject to the disclaimer herein concerning the fact that currently Enstar is not a shareholder of the Applicant

Applicant requests confidential treatment of Exhibits V-1 through V-3 as they contain personal, non-public financial information.

Item 3. Identity and Background of Individuals Associated with the Applicant

Furnish a biographical affidavit for (1) the applicant if the applicant is an individual or (2) all persons who are directors, executive officers or owners of 10% or more of the voting securities of the applicant if the applicant is not an individual. Biographical affidavits filed with the Department within the immediately preceding 3 years need not be included if there has been no change in the information already on file.

As set forth in the responses to Item 2 (specifically the various tables attached as Exhibits), the following persons are submitting biographical affidavits:

<u>Name</u>	<u>Position</u>
Alan A. Waring	Director, President and CEO, 10% Shareholder (indirectly through Joycian Limited)
Sara M. Carpenter	Director, CFO, Secretary and Treasurer
David M. Roche	Director
Diane P. Campbell	10% Shareholder (as beneficiary of and voting control of the Diane P. Campbell 2013 Irrevocable Trust)

Wade A. Carpenter	10% Shareholder (as trustee with voting power in the 2012 Sara M. Carpenter Irrevocable Trust)
Mark L. Rosen	Executive Officer, 10% Shareholder
Steven L. Lubell	Executive Officer, 10% Shareholder

Biographical affidavits shall be signed in the original and shall include the following:

A. Name and business address.

B. Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which employment is carried on.

C. Material occupations, positions, offices or employment during the last five (5) years, giving the starting and ending date of each and the name, principal business and address of any business corporation or other organization in which each occupation, position, office or employment was carried on. If any occupation, position, office or employment required licensing by or registration with any Federal, state or municipal governmental agency, indicate that fact, the current status of the licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith.

D. Whether or not the person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten (10) years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case.

All affidavits are on the NAIC Form 11 (Rev. 4/16/13).

The Department will accept copies of original, signed biographical affidavits filed with the chief insurance regulatory official of another jurisdiction if the following conditions are met:

(1) The identity of the chief insurance regulatory official holding the original affidavit and the date of the original filing are provided in this statement.

(2) The original affidavit was filed within the immediately preceding three years.

(3) There has been no change in the information required in the affidavit.

Affidavits from each of the individuals referenced above are attached hereto as Exhibit VI.

Item 4. Nature, Source and Amount of Consideration

A. Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of

acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower, and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

The purchase price to acquire PTP is \$12.5 million entirely in cash. The purchase price is payable at closing and there is no contingent or “earn-out” consideration. The selling partners of PTP will not receive stock of DSN in the acquisition and otherwise will not become shareholders of DSN. The purchase price, together with closing costs and operating capital, will be funded with \$8.6 million in additional senior debt financing provided by Oak Street Funding and \$5 million in equity capital from Enstar Group Ltd., a NASDAQ listed insurance company.

Oak Street Funding, based near Indianapolis Indiana, is a specialty lender focused on the insurance industry (www.oakstreetfunding.com). Oak Street Funding lent approximately \$8 million to DSN to provide funds for the initial founding acquisitions (*See Item 2 above*). Oak Street has provided DSN with a commitment letter for the \$8.6 million of additional senior debt financing. A copy of the commitment letter is attached as Exhibit VII. (*Applicant requests confidential treatment of Exhibit VII as it contains non-public information of a sensitive nature.*)

Because the loan has not closed, the definitive documents relating to the additional funding have not been entered into. A draft of the definitive Loan Agreement pursuant to which Oak Street would advance the additional funds for the PTP acquisition will be provided when it is in final form. Except for the relationship of lender and borrower, there is no relationship between Oak Street and the Applicant; and Oak Street does not own shares of DSN and is not an affiliate of DSN.

Enstar is a publicly traded company on the NASDAQ stock market (ticker symbol: ESGR), established to acquire and manage insurance and reinsurance companies in run-off and to provide management, consulting and other services to the insurance and reinsurance industry. (See www.enstargroup.com)

The run-off origins of Enstar date back to 1993 when Castlewood Limited, a Bermuda company, was established by Dominic Silvester, Paul O’Shea and Nick Packer to take advantage of the largely ignored run-off ‘niche’ in the reinsurance industry. Mssrs. Silvester, O’Shea and Packer are the current executive team of Enstar. Through a series of transactions Castlewood Limited combined with other businesses, merged with The Enstar Group, Inc. and took on the name Enstar Group Limited. Today Enstar states that it is the largest single run-off company in the world with, in the aggregate, a multi-billion US dollar portfolio of insurance and reinsurance assets under management and substantial operations in Bermuda, Europe, USA and Australia.

In the fall of 2013, Enstar entered the active underwriting space by acquiring Atrium Underwriting Group Ltd. and Arden Reinsurance Company Ltd.

The parties are discussing a transaction in which Enstar would provide a \$5 million investment in exchange for 500,000 shares of DSN's Series A Preferred Stock, which is voting and convertible on a one-to-one basis with DSN's Series A Common Stock. That investment would represent approximately 17.21% of the outstanding shares of DSN on a pro forma basis. It is further expected that Enstar will have a contractual right to appoint one member to DSN's four-member Board of Directors (despite the fact that its 17.21% position would not entitle it to control the election of any directors). Drafts of the principal investment agreements relating to the Enstar investment will be provided when they are in final form.

As of the date of this Form A, Enstar is not an affiliate of the Acquiror and holds no shares of the Acquiror's stock. There exists only a nonbinding letter of intent for a potential investment. Assuming an investment is consummated, the Acquiror expects that Enstar will file a disclaimer of affiliation at or before the time of actual investment, based upon, among other things, the expectation that Enstar's relative ownership will be approximately 17% versus insider ownership of approximately 75%, and the fact there is and will continue to be insider control of the Acquiror's board of directors.

B. Explain the criteria used in determining the nature and amount of the consideration.

Applicant entered into arms-length negotiations with the selling principals to reach a purchase price that was acceptable to the sellers and met the return on investment requirements of the equity investors in the Applicant. Applicant believes that the purchase price represents fair market value in a service company transaction of this type. The all cash purchase price consideration was offered to meet the retirement objectives of the selling principals.

C. If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, the applicant must specifically request that the identity be kept confidential.

Applicant hereby requests confidential treatment for the identity of Oak Street Funding.

Item 5. Future Plans of Insurer

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate the insurer, to sell its assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.

Initially, the Applicant will make no major changes to the operations of PTP or the insurer. The Applicant has no plans to declare an extraordinary dividend, to liquidate the insurer, to sell its assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management, *except for* (1) the changes in management described in the following paragraph, and (2) a potential

conversion of the insurer to stock form discussed under “Potential Conversion Transaction” below.

As to PTP, the Applicant will retain the services of its current management, including James Gillespie (CEO), Michele Morrison (Senior Underwriter), and Doug Fahringer (Director of Claims and Risk Management), and has agreed to offer those persons employment agreements effective with the closing. The partner-owners of PTP, Barton L. Post and Joseph F. Brady, will retire from any day-to-day role with PTP. DSN plans to keep PTP at its current location and with its current staff. No significant changes in PTP’s operating methods are planned.

The Applicant plans to retain the current PCA Board structure, with Mr. Waring and Ms. Carpenter from the Applicant joining James Gillespie, the current CEO, and Msrs. Post and Brady for purposes of continuity.

As to the insurer, PCA, the Acquiror plans to conduct its marketing, underwriting, and claims policies similarly to current policies. A three-year forward looking business plan for PCA is attached as Exhibit VIII. This business plan was prepared in collaboration between the Applicant and the current management of Professional Third Party LP. *Applicant requests confidential treatment of Exhibit VIII as it contains sensitive, non-public strategic and financial information.*

Potential Conversion Transaction:

DSN is considering proposing the conversion of the insurer, PCA, to a stock company under Pennsylvania’s mutual-to-stock conversion law, 40 P. S. §§ 911-A--929-A. This would require the initial conversion of PCA from reciprocal to mutual form. To the Applicant’s knowledge the conversion of a Pennsylvania reciprocal to mutual and then stock form in this manner has never occurred, but based upon preliminary analysis appears permissible under Pennsylvania law and the governing documents.

If such conversion can be accomplished, and assuming DSN would ultimately determine to recommend and pursue the transaction, DSN expects that it would be the sponsor of the mutual to stock conversion of PCA. Under applicable law, DSN would make a public offering of its common stock first to PCA members and then to the public and use the proceeds to purchase 100% of the stock of the newly converted PCA. The size of the offering will be determined based upon an independent appraisal of PCA performed at that time. The ability to consolidate the balance sheets of PCA and DSN and to offer the subscribers of PCA a liquid investment position in the stock of DSN could be of mutual benefit to the subscribers and DSN, and would provide additional liquidity and financial resources to PCA as an insurance organization.

At this time, the Applicant has not determined whether to propose such transaction. A decision to propose and pursue such a transaction will be deferred pending the closing of the acquisition of PTP. The ultimate decision whether and when to propose and pursue such a transaction will depend upon the following factors, among others: (1) a thorough

operational and financial analysis of PCA, (2) legal due diligence and analysis concerning the ability to effect a conversion and consequences of effecting such a transaction, (3) financial analysis of the structure and terms of such a transaction, and the marketability of the subscription rights and resulting stock, (4) discussions with regulators and other major stakeholders, and (5) analysis and deliberation by the DSN board of directors and major stakeholders.

Item 6. Voting Securities to be Acquired

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

Applicant, its affiliates, or any person listed in Item 3 have no plans to acquire any voting securities of the insurer. Applicant notes that the insurer is a reciprocal insurer whose subscribers are insured healthcare providers. As such Applicant is not eligible to become a subscriber/member of the insurer and has no ability to acquire voting securities of the insurer.

The Applicant has entered into a Partnership Interest Purchase Agreement to acquire 100% of the general and limited partnership interests of Professional Third Party, LP, making Professional Third Party, LP wholly-owned by the Applicant. The management contract with PCA will remain in place and unaffected by such transaction, and, as a result, the Applicant will control PCA.

The acquisition of Professional Third Party, LP is conditioned upon receiving the approval of the Pennsylvania Insurance Department pursuant to this Application.

The principal terms of the acquisition of Professional Third Party, LP are as follows:

- **The Applicant will acquire 100% of the general and limited partnership interests of PTP directly from the owners of those interests. As a result PTP will remain in existence as a partnership, owner directly or indirectly 100% by the Applicant.**
- **The purchase price for the partnership interests is \$12,000,000, of which \$11.5 million is payable in cash at the closing of the purchase and the balance, being \$500,000, is deposited into an escrow account for one year to secure the sellers' indemnity obligations (discussed below).**
- **Prior to the closing, PTP will be permitted to distribute to the partners of the Applicant all but \$75,000 in cash held by PTP (net of the debt repayment, described above).**
- **The partners of PTP have agreed to indemnify the Acquiror for breaches of representations, warranties, and covenants, subject to certain limitations set forth in the Partnership Interest Purchase Agreement.**
- **The Acquiror has agreed to cause PTP to offer continued employment to the senior managers of PTP for a three year period after the closing.**

A copy of the Partnership Interest Purchase Agreement is attached as Exhibit IX. Applicant requests confidential treatment of Exhibit IX as it is a private document containing sensitive financial and operational terms and conditions.

Item 7. Ownership of Voting Securities

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

Applicant, its affiliates or any person listed in Item 3 beneficially own no voting securities of the insurer. As stated in Item 6, Applicant is not eligible to become a subscriber/member of the insurer and has no ability to acquire voting securities of the insurer.

The Applicant has entered into a Partnership Interest Purchase Agreement to acquire 100% of the general and limited partnership interests of Professional Third Party, LP, making Professional Third Party, LP wholly-owned by the Applicant. The management contract with PCA will remain in place and unaffected by such transaction, and, as a result, the Applicant will control PCA.

The acquisition of Professional Third Party, LP is conditioned upon receiving the approval of the Pennsylvania Insurance Department pursuant to this Application.

Item 8. Contracts, Arrangements, or Understandings with Respect to Voting Securities of the Insurer

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including, but not limited to, transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. The description shall identify the person with whom such contracts, arrangements or understandings have been entered into.

Applicant, its affiliates or any person listed in Item 3 are not involved in any contracts, arrangements or understandings with respect to any voting security of the insurer. As stated in Item 6, Applicant is not eligible to become a subscriber/member of the insurer and has no ability to acquire voting securities of the insurer, or to vote such membership interests or make loans or other transactions involving them.

Item 9. Recent Purchases of Voting Securities

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this statement.

Include in the description the dates of purchase, the name of the purchasers, and the consideration paid or agreed to be paid therefor.

State whether any shares so purchased are hypothecated.

There were no purchases of any voting securities of the insurer by the Applicant, its affiliates or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this statement. As stated in *Item 6*, Applicant is not eligible to become a subscriber/member of the insurer and has no ability to acquire voting securities of the insurer.

Item 10. Recent Recommendations to Purchase

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this statement.

None. As stated in *Item 6*, Applicant is not eligible to become a subscriber/member of the insurer and has no ability to acquire voting securities of the insurer.

Item 11. Agreements with Broker-Dealers

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

None. As stated in *Item 6*, Applicant is not eligible to become a subscriber/member of the insurer and has no ability to acquire voting securities of the insurer.

Item 12. Financial Statements and Exhibits

A. Financial statements and exhibits shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

B. The financial statements shall include the annual financial statements of the persons identified in Item 2(c) for the preceding five (5) fiscal years (or for such lesser period as the applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of the person's last fiscal year, if that information

is available. Statements may be prepared on either an individual basis, or, unless the Commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business.

Item 2 contains information concerning the 10% shareholders of the Applicant. Exhibits V-1 through V-4 contain financial statements for these 10% shareholders (or potential 10% shareholder in the case of Enstar):

Exhibit V-1	Joycian Limited
Exhibit V-2	The 2012 Sara M. Carpenter Irrevocable Trust
Exhibit V-3	The Diane P. Campbell 2013 Irrevocable Trust
Exhibit V-4	Enstar Group, Ltd.* *On a pro forma basis and subject to the disclaimer herein concerning the fact that currently Enstar is not a shareholder of the Applicant

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that the statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the Annual Statement of that person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of that state.

The Applicant's financial statements are attached as Exhibit I. As discussed, the Applicant is a newly formed entity and does not have either stand-alone or consolidated historical financial statements. The historical financial statements of the founding companies (i.e., HPSI, ISBL, Bold, and AOS) have never been audited.

The Applicant hereby requests that the Department waive any requirement for an audit in light of the foregoing.

C. If the acquiring person is an individual, the Department may require the filing of Federal income tax returns in lieu of audited financial statements. Any returns filed shall be given confidential treatment and shall not be subject to subpoena and shall not be made public by the Department or any other person.

D. File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if

distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the insurer, annual reports to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required by this chapter.

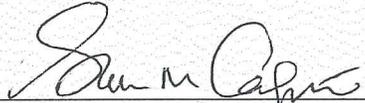
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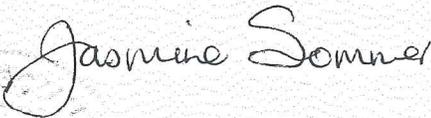
Item 13. Signature and Certification

Signature and certification required as follows:

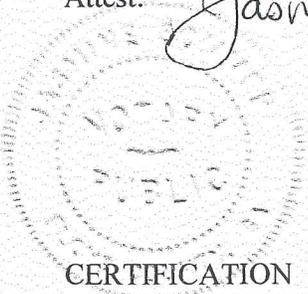
Pursuant to the requirements of Section 1402 of the Act, DSN Holdings, Inc. has caused this Statement to be duly signed on its behalf in the County of Floyd and State of Georgia on the 29th day of January, 2014.

(SEAL)

By: 
Name: Sara M. Carpenter
Title: Treasurer and CFO

Attest: 

Notary Public, Floyd County, Georgia
My Commission Expires Aug. 24, 2014



The undersigned deposes and says that (s)he has duly executed the attached Statement dated January 29, 2014, for and on behalf of DSN Holdings, Inc. and that (s)he is the Treasurer and CFO of such company, and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of [his][her] knowledge, information and belief.

By: 
Name: Sara M. Carpenter
Title: Treasurer and CFO