

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Fox Paine International	:	Holding Companies Act, Article
GP, Ltd. Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 for the	:	Law of 1921, Act of May 17, 1921,
Restructuring of their Holding Company	:	P.L. 682, <u>as amended</u> , 40 P.S.
System that Includes Penn-America	:	§§991.1401, 991.1402, and
Insurance Company, Penn-Star Insurance	:	991.1403
Company and United National Insurance	:	
Company	:	Order No. ID-RC-16-15

DECISION AND ORDER

AND NOW, on this 4th day of November, 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 the Parties

1. Penn-Star Insurance Company ("PSIC") is a domestic stock casualty insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Bala Cynwyd, Pennsylvania.
2. Penn-America Insurance Company ("PAIC") is a domestic stock property insurance company organized pursuant to the laws of Pennsylvania with its

principal place of business in Bala Cynwyd, Pennsylvania. PAIC currently directly holds 100% of the issued and outstanding stock of PSIC.

3. Penn-America Group, Inc. ("PAG") is a domestic insurance holding company organized pursuant to the laws of Pennsylvania with its principal place of business in Bala Cynwyd, Pennsylvania. PAG currently directly holds 100% of the issued and outstanding stock of PAIC.
4. United National Insurance Company ("UNIC") is a domestic stock casualty insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Bala Cynwyd, Pennsylvania. UNIC currently directly holds 2.2% of the issued and outstanding stock of PAG and indirectly holds 30.5% of the issued and outstanding stock of PAG.
5. UNIC, PAIC and PSIC are hereinafter collectively referenced as the "PA Domestic Insurers".
6. Global Indemnity Group, Inc. ("GIG") is an insurance holding company organized pursuant to the laws of Delaware. GIG currently directly holds 67.3% of the issued and outstanding stock of PAG and indirectly holds 100% of the issued and outstanding stock of UNIC.
7. U.A.I. (Luxembourg) I S.a.r.l. ("UAI Luxembourg") is a business corporation organized under the laws of Luxembourg. UAI Luxembourg indirectly controls 100% of the issued and outstanding stock of GIG.
8. Global Indemnity Reinsurance Company, Ltd. ("GI Bermuda") is a business corporation organized under the laws of Bermuda. GI Bermuda directly controls 100% of the issued and outstanding stock of UAI Luxembourg.
9. Global Indemnity (Cayman) Limited ("GI Cayman") is a business corporation organized under the laws of the Cayman Islands. GI Cayman directly controls 100% of the issued and outstanding stock of GI Bermuda.
10. Global Indemnity (Gibraltar) Limited ("GI Gibraltar") is a business corporation organized under the laws of Gibraltar. GI Gibraltar directly controls 100% of the issued and outstanding stock of GI Cayman.
11. Global Indemnity (Luxembourg) S.a.r.l. ("GI Luxembourg") is a business corporation organized under the laws of Luxembourg. GI Luxembourg directly controls 100% of the issued and outstanding stock of GI Gibraltar.
12. United America Indemnity, Ltd. ("UAI Cayman") is a business corporation organized under the laws of the Cayman Islands. UAI Cayman directly controls 100% of the issued and outstanding stock of GI Luxembourg.

13. Global Indemnity, plc (“GI Ireland”) is a business corporation organized under the laws of Ireland. GI Ireland directly controls 100% of the issued and outstanding stock of UAI Cayman.
14. Fox Paine International GP, Ltd. (“Fox Paine”) is a limited partnership organized under the laws of the Cayman Islands. Fox Paine indirectly controls approximately 84% of the voting power of GI Ireland.
15. Fox Paine is the sole ultimate controlling person of the PA Domestic Insurers.

Identity of Certain Entities Established to Effectuate the Proposed Reorganization

16. Global Indemnity Limited (“GIL”) is a business corporation organized under the laws of the Cayman Islands.
17. GBLI (Barbados) Limited (“GBLI”) is a business corporation organized under the laws of Barbados.

Filing of the Application

18. On June 24, 2016, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Application”) from Fox Paine for approval to restructure their holding company system that includes the PA Domestic Insurers.
19. 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.
20. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
21. 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

22. As described in the Application, Fox Paine will undergo a scheme of arrangement under Irish law whereby the following steps (the “Cayman Move”) will occur, effectively inserting GIL into the ownership chain of the PA Domestic Insurers:
 - a. all of the existing ordinary shares of GI Ireland will be cancelled;
 - b. GI Ireland will issue shares to GIL equal to the number of shares cancelled pursuant to step a. above using the reserve created by the cancellation of the GI Ireland ordinary shares;
 - c. In return for such issuance of GI Ireland shares to GIL, GIL will issue GIL shares to existing GI Ireland shareholders whose shares were cancelled pursuant to step a. above.
23. As described in the Application, upon completion of the Cayman Move, the following series of transactions (the “Structure Simplification”) are proposed to occur, one immediately after the other:
 - a. GI Ireland will be liquidated into GIL;
 - b. UAI Cayman will be merged or liquidated into GIL;
 - c. GI Cayman will sell 100% of its shares of GI Bermuda to GIL, after which, GI Luxembourg, GI Gibraltar and GI Cayman will be subsequently liquidated;
 - d. GI Bermuda will transfer 100% of its shares of UAI Luxembourg to GBLI, which is currently a direct subsidiary of GI Bermuda, effectively inserting GBLI into the ownership chain of the PA Domestic Insurers.
24. As described in the Application, upon completion of the Cayman Move and the Structure Simplification, Fox Paine will remain as the sole ultimate controlling person of the PA Domestic Insurers.
25. The Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) has delegated to the Deputy Insurance Commissioner the authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer.
26. The Deputy Commissioner finds that the transactions described in the Application would not have the effect of changing or influencing the control of a domestic insurer.

27. 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 controlling securities 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 Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
5. The restructuring of the holding company system proposed in the Application is not being contemplated to change or influence the ultimate control of the PA Domestic Insurers, 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.

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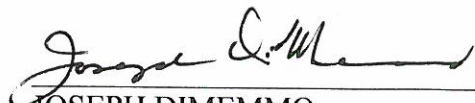
ORDER

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

An approving determination for the application of Fox Paine International GP, Ltd. requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its holding company system that includes Penn-America Insurance Company, Penn-Star Insurance Company and United National Insurance Company, as set forth in the Application, is hereby granted.

This Order is effective immediately and valid for one year, provided there are no material changes to the representations provided in the application.





JOSEPH DIMEMMO
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation