

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of PFG Holdings Acquisition	:	Holding Companies Act, Article
Corp. and Tiptree Financial Partners, LP in	:	XIV of the Insurance Company
Support of the Request for Approval to	:	Law of 1921, Act of May 17, 1921,
Acquire Control of AGL Life Assurance	:	P.L. 682, <u>as amended</u> , 40 P.S.
Company	:	§§991.1401, 991.1402, and 991.1403
	:	
	:	Order No. ID-RC-10-09

DECISION AND ORDER

AND NOW, on this 2nd day of June, 2010, Joel Ario, Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”), hereby makes the following Decision and Order:

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

FINDINGS OF FACT

Identity of Parties

1. AGL Life Assurance Company (“AGL Life”) is a stock life insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Plymouth Meeting, Pennsylvania.
2. PFG Holdings, Inc. (“PFG Holdings”) is an insurance holding company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Plymouth Meeting, Pennsylvania. PFG Holdings directly holds 100% of the issued and outstanding capital stock of AGL Life.
3. PFG Holdings Acquisition Corp. (“Acquisition Corp”) is a business corporation organized under the laws of the state of Delaware with its principal place of business located in Wilmington, Delaware.

4. Tiptree Financial Partners, LP (“Tiptree” and together with Acquisition Corp. “Applicants”) is a limited partnership organized under the laws of the state of Delaware with its principal place of business located in New York, New York. Tiptree directly holds 100% of the issued and outstanding capital stock of Acquisition Corp.
5. Tricadia Holdings GP, LLC (“Tricadia”) is a limited liability corporation organized under the laws of the state of Delaware with its principal place of business located in New York, New York. Tricadia indirectly controls Tiptree.
6. Mr. Michael Barnes (“Mr. Barnes”) is an individual with his principal place of business located in New York, New York. Mr. Barnes is one of two Managing Members of Tricadia.
7. Mr. Arif Inayatullah (“Mr. Inayatullah”) is an individual with his principal place of business located in New York, New York. Mr. Inayatullah is one of two Managing Members of Tricadia.

Acquisition Filing

8. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1992, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all changes in control of domestic insurers must be filed with the Commissioner for approval or disapproval.
9. On February 22, 2010, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial application (which together with all material received subsequently is collectively referenced as “Application”) from Applicants for approval to acquire control of AGL Life.
10. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

Department Procedures

11. On March 6, 2010, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by the Applicants and such notice invited interested persons to submit comments to the Department regarding the Application for a seven day period, ending March 13, 2010.
12. During the seven day comment period, the Department received no comments regarding the Application.

Description of the Proposed Acquisition

13. As described in the Application, on January 4, 2010, PFG Holdings and Applicants, among others, entered into a Stock Purchase Agreement (“Agreement”) whereby Applicants would acquire 100% of the issued and outstanding capital stock of PFG Holdings.
14. As described in the Application and pursuant to Agreement, Acquisition Corp. would directly hold 100% of the issued and outstanding capital stock of PFG Holdings.
15. As described in the Application, Mr. Barnes and Mr. Inayatullah would become the only ultimate controlling persons of AGL Life.

Standards for Review

16. Section 1402(f)(1) of the Insurance Holding Companies Act establishes the standards for approval of an application for a change in control of a domestic insurer.
17. The application for a change in control must be approved unless the Commissioner finds any one of certain enumerated conditions to be present.

Licensing Requirements

18. When analyzing an application for change in control under Section 1402 of the Insurance Holding Companies Act, the Commissioner reviews the requirements for continued licensure of the domestic insurer being acquired.
19. The lines of insurance for which an insurance company may be incorporated and become licensed to write are set out in Section 202 of the Insurance Company Law (40 P.S. §382).
20. The minimum paid up capital stock and paid in surplus required of a stock insurer for each line of insurance is set out in Section 206 of the Insurance Company Law (40 P.S. §386).
21. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), AGL Life is required to maintain a minimum paid up capital stock of \$1,100,000 to write the lines of insurance for which it is presently licensed.
22. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), AGL Life is required to maintain a minimum paid in surplus of \$550,000 to write the lines of insurance for which it is presently licensed.
23. Upon completion of the transaction, AGL Life will have paid up capital and paid in surplus in an amount that will satisfy the statutory minimums required of a stock life insurance company licensed to write the lines of authority currently held

by AGL Life.

Competitive Impact

24. The acquisition of control of Domestic Insurers is subject to review and analysis under Section 1403 of the Insurance Holding Companies Act to determine whether the effect of the acquisition of control would be to substantially lessen competition or tend to create a monopoly in the Commonwealth.
25. The acquisition of control of AGL Life will not lessen competition or tend to create a monopoly in the Commonwealth because the market shares of Applicants, as stated in its Application, do not exceed the market share levels established in Section 1403.

Financial Condition of Applicants

26. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the financial condition of the acquiring persons.
27. The financial condition of Applicants would not pose any impediments to the change in control nor jeopardize the financial condition of Domestic Insurers.

Plans for the Acquired Insurer

28. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the plans or proposals which the acquiring party has for the insurer.
29. As provided in the Application, the Applicants have disclosed that they intend to make no changes to the business plan of AGL Life.

Management

30. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the competence, experience and integrity of the persons who will control the operations of the acquired insurers.
31. Biographical affidavits for all directors and executive officers of Applicants were provided as part of the Application and the Department reviewed all affidavits that were submitted.
32. The Department is satisfied that the persons who would control the operations of AGL Life have such competence, experience and integrity that the interests of

policyholders and the public would not be jeopardized.

33. 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 Commissioner has jurisdiction to review and approve the change in control of AGL Life.
2. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner must approve an application for a change in control unless the Department has found that:
 - a) The insurer will not be able to satisfy the requirements for the issuance of a license to operate the line or lines of business for which it is presently licensed;
 - b) The change in control will substantially lessen competition in insurance in this Commonwealth or tend to create a monopoly therein;
 - c) The financial condition of the acquiring company is such as might jeopardize the financial stability of the insurer or prejudice the interests of its policyholders;
 - d) Any plans to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make material changes in its business or corporate structure or management are unfair and unreasonable to policyholders of the insurers and not in the public interest;
 - e) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders and the general public to permit the acquisition of control;
 - f) The acquisition is likely to be hazardous or prejudicial to the insurance buying public; or,
 - g) The acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A, Insurance Company Mutual-to-Stock Conversion Act.
3. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner has not found that any of the above conditions are present with respect to the change in control of AGL Life.
4. 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 No. ID-RC-10-09

ORDER

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

The acquisition of control AGL Life Assurance Company by PFG Holdings Acquisition Corp. and Tiptree Financial Partners, LP is hereby approved, subject to this Order and the following condition:

1. This transaction may be recorded as effective for accounting purpose as of the first day of the calendar quarter in which the acquisition is consummated.
2. PFG Holdings Acquisition Corp. shall provide a list of the closing documents to the Insurance Department within five days of consummation of the subject transaction.
3. PFG Holdings Acquisition Corp. shall maintain a copy of the closing documents available for the Department's review for a period of not less than five years.

This Order is effective immediately.

JOEL ARIO
Insurance Commissioner
Commonwealth of Pennsylvania