

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402 and
	:	1403 of the Insurance Holding
Application of Chartis International,	:	Companies Act, Article XIV of the
LLC Requesting Exemption from the	:	Insurance Company Law of 1921, Act of
Requirements of 40 P.S. §991.1402 for	:	May 17, 1921, P.L. 682, <u>as amended</u> , 40
the Restructuring of the Holding	:	P.S. §§991.1401, 991.1402 and
Company System, which includes	:	991.1403
Eaglestone Reinsurance Company	:	
	:	Order No. ID-RC-11-03

DECISION AND ORDER

AND NOW, on this 21st day of March, 2011, Stephen J. Johnson, 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 Entities

1. Eaglestone Reinsurance Company (“Eaglestone”) is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in New York, New York.
2. Chartis International, LLC (“Chartis Intl”) is an insurance holding company organized under the laws of the State of Delaware with its principal place of business located in New York, New York. Eaglestone is a direct wholly-owned subsidiary of Chartis Intl.
3. Chartis U.S., Inc. (“Chartis U.S.”) is an insurance holding company organized under the laws of the State of Delaware with its principal place of business

located in New York, New York.

4. Chartis Inc. is an insurance holding company organized under the laws of the State of Delaware with its principal place of business located in New York, New York. Chartis Intl and Chartis U.S. are both directly wholly-owned subsidiaries of Chartis Inc.
5. American International Group, Inc. (“AIG”) is an insurance holding company organized under the laws of the State of Delaware with its principal place of business located in New York, New York. Chartis Inc. is an indirect wholly-owned subsidiary of AIG.
6. The United States Department of Treasury holds approximately 92.1% of the outstanding common stock of AIG.
7. The United States Department of Treasury is the sole ultimate controlling person of Eaglestone.

#### Filing of the Application

8. 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. (cited as “Insurance Holding Companies Act”), provides that all transactions resulting in an entity holding control of domestic insurers must be filed with the Department for approval or disapproval.
9. On January 31, 2011, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received a request (which together with all material received subsequently is hereinafter referenced as “Request”) from Chartis Intl for approval to restructure its holding company system.
10. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
11. 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.
12. As described in the Request, Chartis Intl will transfer ownership of Eaglestone to Chartis U.S.

13. As described in the Request, the United States Department of Treasury will remain the sole ultimate controlling person of Eaglestone after consummation of the proposed restructuring.
14. The Deputy Commissioner finds that the transactions described in the Request do not have the effect of changing or influencing the control of a domestic insurer.
15. 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 voting securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Request was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
3. The restructuring of the holding company system as presented in the Request is not being contemplated to change or influence the control of Eaglestone, and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
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

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 Chartis International, LLC requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its holding company system, which includes Eaglestone Reinsurance Company, as set forth in the Request, is hereby granted.

This Order is effective immediately and valid for one year from the date of signature, provided there are no material changes from the Request.

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Stephen J. Johnson  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation