

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of QBE Atlantic, LLC	:	Holding Companies Act, Article
Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 to	:	Law of 1921, Act of May 17, 1921,
Increase its Percentage of Control of QBE	:	P.L. 682, <u>as amended</u> , 40 P.S.
Insurance Corporation, QBE Reinsurance	:	§§991.1401, 991.1402, and
Corporation, Praetorian Insurance	:	991.1403
Company and North Pointe Insurance	:	
Company	:	
	:	Order No. ID-RC-11-38

DECISION AND ORDER

AND NOW, on this 19th day of December, 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 the Parties

1. North Pointe Insurance Company (“NPIC”) is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in New York, New York.
2. Praetorian Insurance Company (“PIC”) is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in New York, New York.

3. QBE Insurance Corporation (“QIC”) is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in New York, New York.
4. QBE Reinsurance Corporation (“QRC” and together with QIC, PIC and NPIC “The Domestic Insurers”) is a domestic stock property insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in New York, New York. QRC currently holds 100% of the issued and outstanding stock of QIC.
5. QBE Holdings, Inc. (“QHI”) is a foreign corporation organized under the laws of Delaware with its principal place of business in New York, New York. QHI currently indirectly holds 100% of the issued and outstanding stock of NPIC, and directly holds 100% of the issued and outstanding stock of PIC and QRC.
6. QBE Atlantic, LLC (“Atlantic”) is a foreign corporation organized under the laws of Delaware with its principal place of business in New York, New York. Atlantic currently holds 87.1% of the issued and outstanding stock of QHI.
7. QBE Holdings (Americas) Pty Limited (“Americas”) is an alien corporation organized under the laws of Australia with its principal place of business in Sydney, Australia. Americas currently directly holds 12.9% of the issued and outstanding stock of QHI and indirectly holds 100% of the issued and outstanding stock of Atlantic.
8. QBE Insurance Group Limited (“QBE Group”) is an alien corporation organized under the laws of Australia with its principal place of business in Sydney, Australia. QBE Group currently holds 100% of the issued and outstanding stock of Americas.
9. QBE Group is the sole ultimate controlling person of The Domestic Insurers.

#### Filing of the Application

10. On December 2, 2011, 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 Atlantic for approval to increase its percentage of control over The Domestic Insurers.
11. 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.

12. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
13. 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

14. As described in the Application, Atlantic currently directly holds 87.1% of the issued and outstanding stock of QHI.
15. As described in the Application, Americas currently directly holds 12.9% of the issued and outstanding stock of QHI and indirectly holds 100% of the issued and outstanding stock of Atlantic.
16. As described in the Application, the contemplated transaction calls for Americas to transfer its 12.9% ownership interest QHI to Atlantic.
17. As described in the Application, upon completion of the contemplated transaction, Atlantic will hold 100% of the issued and outstanding stock of QHI.
18. As described in the Application, upon completion of the contemplated transaction, QBE Group will continue to hold 100% of the issued and outstanding stock of Americas and will remain the sole ultimate controlling person of The Domestic Insurers.
19. 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.
20. 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 Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
3. The Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
4. The transaction is not being contemplated to change or influence the ultimate control of the Domestic Insurers, and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
5. 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-11-38

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 QBE Atlantic, LLC requesting exemption from the requirements of 40 P.S. §991.1402 for the increase in its percentage of control of QBE Insurance Corporation, QBE Reinsurance Corporation, Praetorian Insurance Company and North Pointe 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.

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STEPHEN J. JOHNSON  
Deputy Insurance Commissioner