BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402
	:	and 1403 of the Insurance Holding
Application of Financiere Pinault S.C.A.	:	Companies Act, Article XIV of the
and Tawa Associates Limited in Support	:	Insurance Company Law of 1921, Act
of the Request for Approval to Acquire	:	of May 17, 1921, P. L. 682, as
Control of Lincoln General Insurance	:	amended, 40 P.S. §§991.1401,
Company	:	991.1402 and 991.1403
	:	
	:	Order No. ID-RC-15-03

DECISION AND ORDER

AND NOW, on this 10th day of February, 2015, Teresa D. Miller, Acting Insurance Commissioner of the Commonwealth of Pennsylvania ("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 Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Parties

Identity of PA Domestic Insurer

1. Lincoln General Insurance Company ("Lincoln") is a stock property insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business in York, Pennsylvania.

2. Walshire Assurance Company ("Walshire") is an insurance holding company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business in York, Pennsylvania. Walshire directly holds 100% of the issued and outstanding capital stock of Lincoln.

3. LGIC Holdings, LLC ("LGIC Holdings") is an insurance holding company organized under the laws of the State of Delaware. LGIC Holdings directly holds 100% of the issued and outstanding capital stock of Walshire.

4. Pro Global Insurance Solutions plc ("Pro Global") is a public limited company organized under the laws of England and Wales. Pro Global owns 51% of the voting securities of LGIC Holdings.

5. The entity holding the remaining 49% of the voting securities of LGIC Holdings has properly filed a disclaimer of control.

6. Financiere Pinault S.C.A. ("FinP") is a privately-held holding company organized under the laws of France. FinP owns 66% of the issued and outstanding common stock of Pro Global. FinP has properly filed a disclaimer of control.

7. Pro Global is the current sole ultimate controlling person of Lincoln.

Identity of Applicants

8. Tawa Associates Limited ("TAL") is a private limited company organized under the laws of England and Wales.

9. FinP holds 74% of the issued capital stock of TAL

10. TAL and FinP are collectively hereinafter referenced as "Applicants."

Acquisition Filing

11. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1922, P.L. 682, as amended, 40 P.S. §§991.1401- 991.1413 ("Insurance Holding Companies Act"), provides that all changes in control of domestic insurers must be filed with the Commissioner for approval or disapproval.

12. On April 25, 2014, the Insurance Department of the Commonwealth of Pennsylvania ("Department") received an application (which together with all material received subsequently is hereinafter referenced as "Application") from TAL for approval to acquire control of Lincoln.

13. On October 16, 2014, the Application was amended to add FinP as an applicant.

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

Department Procedures

15. On April 30, 2014, the Department published notice in the *Pennsylvania Bulletin* that the Application was received and such notice invited interested persons to submit comments to the Department regarding the Application for 30 days following the date of the publication ("Comment Period").

16. The Department received no comments regarding the Application during the Comment Period.

Background and Description of Proposed Acquisition

17. On February 9, 2009, Lincoln discontinued the writing of new business and began a process that would result in a voluntary, solvent run-off of all business.

18. On October 17, 2011, Pro Global acquired control of Lincoln and committed to manage the voluntary, solvent run-off of the insurance business of Lincoln.

19. On December 20, 2013, Pro Global announced that it would demerge its operating divisions into two independent groups comprising the "Services Business" and the "Risk Carrier Business." It was proposed that Pro Global's interest in LGIC Holdings be transferred to TAL pursuant to a Share Purchase Agreement between Pro Global and TAL.

20. Following various communications between the Department and TAL, it was recognized that the regulatory approvals required to transfer Pro Global's interest in LGIC Holdings to TAL were unlikely to be received in time to effect the transfer before March 31, 2014 (the target date for effecting of the demerger). Accordingly the Share Purchase Agreement was terminated and replaced by a Subscription Agreement between Pro Global and TAL.

21. Under the Subscription Agreement, TAL will acquire Pro Global's interest in LGIC Holdings. The Subscription Agreement provided that Pro Global would subscribe before the demerger in nine shares in TAL, and that the consideration for the subscription would be the transfer of TAL's interest in LGIC Holdings. The transfer would not occur until after regulatory approvals were obtained.

22. As described in the Application, FinP would become the sole ultimate controlling person of Lincoln upon the transfer of LGIC Holdings to TAL.

Standards for Review

23. 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.

24. An application for a change in control must be approved unless the Department finds any one of certain enumerated conditions to be present.

Licensing Requirements

25. 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.

26. As of September 30, 2014, Lincoln maintained capitalization that allowed for it to hold a license to execute its plan of run-off.

27. Upon completion of the transaction, Lincoln will have capitalization that will allow for it to continue to hold a license to execute its plan of run-off.

Competitive Impact

28. The acquisition of control of a Pennsylvania domiciled insurer is subject to review and analysis under Section 1402(f)(1)(ii) of the Insurance Holding Companies Act to determine whether the effect of the acquisition of control of Lincoln would be to substantially lessen competition in this Commonwealth or tend to create a monopoly therein.

29. The acquisition of control of Lincoln will not lessen competition or tend to create a monopoly in the Commonwealth because neither the Applicants nor Lincoln write direct insurance in Pennsylvania.

Financial Condition of Applicants

30. 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 person(s).

31. The Department has reviewed the annual financial statements submitted by the Applicants as of December 31, 2009 through December 31, 2013.

32. The financial condition of the Applicants will not pose any impediments to the change in control nor jeopardize the financial condition of Lincoln.

Plans for the Acquired Insurer

33. 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.

34. In particular, the Department reviewed the transaction as set forth in the Application to determine whether it is:

a) Unfair or unreasonable or fails to confer a benefit upon policyholders.

b) Not in the public interest.

35. As stated in the Application, the Applicants have no future plans or proposals to liquidate Lincoln, to sell its assets, to merge or consolidate it with any person or persons, or to make any other material change in its business operations or corporate structure.

36. As stated in the Application, there are no proposed changes to the officers and directors of LGIC Holdings, Walshire or Lincoln.

37. As stated in the Application, the Applicants will continue the voluntary, solvent run-off of the insurance business of Lincoln.

38. There is no basis in the record from which it may be concluded the proposed transaction is unfair or unreasonable or fails to confer a benefit upon policyholders or is not in the public interest.

Management

39. 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 insurer.

40. Biographical affidavits for all directors and executive officers of TAL were reviewed by the Department.

41. Biographical affidavits for senior management of FinP were reviewed by the Department.

42. The Department is satisfied that the persons who would control the operations of Lincoln have such competence, experience and integrity that the interests of policyholders and the public would not be jeopardized.

Hazardous or Prejudicial to Insurance Buying Public

43. When analyzing an application for a merger involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Department evaluates whether the merger, consolidation or other acquisition of control is likely to be hazardous or prejudicial to the insurance buying public.

44. There is insufficient evidence in the record from which it may be concluded that the acquisition will likely be hazardous or prejudicial to the insurance buying public.

Compliance with the Pennsylvania Laws

45. When analyzing an application for a merger involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Department reviews the transaction to determine whether the merger, consolidation or other acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A.

46. The Department has evaluated the transaction as set forth by the Application as to whether it is in compliance with the laws of Pennsylvania.

47. 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 change in control of Lincoln.

2. Under Section 1402 of the Insurance Holding Companies Act, the Department 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 write 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 party 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 any other material change in its business or corporate structure or management are unfair and unreasonable to policyholders of the insurers and fail to confer a benefit on policyholders and are 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 Lincoln.

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	:	Order No. ID-RC-15-03

ORDER

Upon consideration of the foregoing, the Acting Insurance Commissioner of the Commonwealth of Pennsylvania ("Commissioner") hereby makes the following Order:

The application of Financiere Pinault S.C.A. and Tawa Associates Limited (hereinafter collectively referenced as "Applicants") in support of the request for approval to acquire control of Lincoln General Insurance Company as set forth in the application, is hereby approved, subject to this Order and the following conditions:

1. The Applicants shall provide to the Department a list of closing documents within five (5) days after consummation of the subject transaction and shall maintain the listed documents and make them available to the Department for a period of not less than five (5) years from the date of consummation.

This Order is effective immediately and valid for one (1) year, provided no material changes are made to the transaction prior to consummation. This one year limitation does not apply to any conditions prescribed by the Department in the Order.

Teresa D. Miller
Acting Insurance Commissioner
Commonwealth of Pennsylvania