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July 24, 2015

Sunjeet S. Gill, Esquire  
Stevens & Lee  
222 N. Sixth Street  
Reading, PA 19601

Adam B. Perri, Esquire  
AmTrust Financial Services, Inc.  
59 Maiden Lane, 42<sup>nd</sup> Floor  
New York, NY 10038

Re: ARI Mutual Insurance Company  
Conversion from Mutual to Stock Form of Organization

Dear Messrs. Gill and Perri:

The Pennsylvania Insurance Department (the "Department") has made a preliminary review of the demutualization application of ARI Mutual Insurance Company ("ARI Mutual") and the Form A application of Amtrust Financial Services, Inc. (collectively hereinafter referenced as "the Proposed Transactions"). Based upon this preliminary review, the Department has compiled the below list of additional items necessary to the review of the filing. Your responses and any related documents will become part of the public files, unless you have asserted the confidentiality of the information and the Department has accepted such assertion. When preparing your response, please reference the number of the Department's request to which you are responding.

**Plan of Conversion**

1. Provide copies of ARI board minutes and board presentations in which the proposed transaction was discussed/presented in addition to discussions/presentations of alternative options.
2. Provide a copy of the board resolution in which the board of directors of ARI approved the Plan of Conversion and proposed charter of ARI Mutual, upon conversion (hereinafter referenced as "ARI Stock").
3. Plan of Conversion 6.(e) - Provide the Department a copy of any written consent to adjustment purchase limitations.
4. Plan of Conversion 10.(e) – Identify the three advisory board members.

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5. ARI Stock will be required to maintain a minimum capital of \$2,350,000 and paid-in and contributed surplus of \$1,175,000 for the lines of authority for which it is presently licensed. The current plan does not provide for the required capital and surplus. Please address.
6. It has come to the Department's attention that Feldman Financial Advisers, Inc. is preparing an appraisal update. Provide a discussion surrounding the reason(s) for the update and the projected date for the release of the update.

**Form A Statement**

7. Form A, Item 5 – ARI is required to maintain a board of directors of not less than seven members. The list provided identifies six.
8. Form A, Item 12 - Provide financial statements for those individuals controlling 10% or more of the voting securities of Amtrust Financial Services, Inc.
9. Business Plan, Item 3 – The Department did not receive your referenced attachment. Provide an organizational chart of ARI's post acquisition management structure. Titles and names of key management personnel should be included.
10. Business Plan, Item 4 – The Department did not receive your referenced attachment. Provide a detailed job description for every management position on the organizational chart (provided in response to request 9 above).
11. Business Plan, Item 22 – Provide copies of all issued and proposed agency/agent communications regarding the Proposed Transactions.
12. Business Plan, Item 23 – Identify the person's name and credentials that prepared the pro forma financial statements.
13. Business Plan, Item 23 – The prepared pro forma financial statements do not reflect the statutory minimum capital and surplus required of ARI Stock.
14. Stock Purchase Agreement – Section 1.2(a)(i) – Please confirm that it is the intent that ARI Holdco Inc. become a direct wholly-owned subsidiary of Amtrust Financial Services, Inc.

**General**

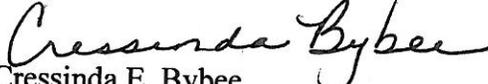
15. Address ARI Stock's compliance with the board and committee composition requirements of 40 P.S. §991.1405(3), (4) and (4.1).

Messrs. Gill and Perri  
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16. Provide Company and Buyer Disclosure Letters as referenced in the Plan of Conversion and Stock Purchase Agreement.
17. Provide copies of any comments received on the Proposed Transactions that are not already on file with the Department.
18. Describe A.M. Best's reaction to the Proposed Transactions.
19. Provide the proposed charter and bylaws of ARI Holdco Inc.
20. Provide a pro forma balance sheet at closing for ARI Holdco Inc.
21. Address the following with respect to biographical affidavits:
  - a. David Gerth – The response to question 8 did not include employment history for the past 20 years.
  - b. Barry Zyskind – Provide additional discussion of the item disclosed at 11(h)(ii) including but not limited to the identity of such other officers.
  - c. Leah Karfunkel – The response to question 8 did not include employment history for the past 20 years.

Feel free to contact me at (717) 783-2144 or [cbybee@pa.gov](mailto:cbybee@pa.gov) to discuss any of the above requests.

Sincerely,

  
Cressinda E. Bybee  
Senior Insurance Company Licensing Specialist  
Company Licensing Division