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August 7, 2015

VIA ELECTRONIC MAIL AND OVERNIGHT DELIVERY

Ms. Cressinda E. Bybee
Senior Insurance Company Licensing Specialist
Pennsylvania Insurance Department
Office of Corporate & Financial Regulation
Company Licensing Division
1345 Strawberry Square
Harrisburg, Pennsylvania 17120
cbybee@pa.gov

RECEIVED
Corporate & Financial Regulation

AUG 10 2015

**Pennsylvania
Insurance Department**

**Re: ARI Mutual Insurance Company ("ARI" or the "Company")
Conversion from Mutual to Stock Form of Organization**

Dear Ms. Bybee:

We enclose herewith, on behalf of the Company and AmTrust Financial Services, Inc. ("AmTrust" or "AFSI"), responses to the comments raised by the staff of the Pennsylvania Insurance Department (the "Department") in its comment letter dated July 24, 2015. Below we have noted the Department's comments in italics face type and the joint responses of the Company and AmTrust in regular type.

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.*

Response: Attached are minutes of meetings of the Company's board of directors held on August 11, 2014, October 6, 2014, December 2, 2014, February 26, 2015 and March 17, 2015. Also enclosed are presentations delivered to the Company's board of directors on August 11, 2014, December 2, 2014 and March 17, 2015.

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").*

Response: Attached are resolutions approved by the Company's board of directors at a meeting held on March 17, 2015.

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3. *Plan of Conversion 6.(e) Provide the Department a copy of any written consent to adjustment purchase limitations.*

Response: There has been no request by the Company to adjust the purchase limitation set forth in the Plan of Conversion. The Company agrees not request any such adjustment.

4. *Plan of Conversion 10.(e) — Identify the three advisory board members.*

Response: As required by the Plan of Conversion, immediately prior to closing, ARI HoldCo shall form an advisory board consisting of three members of the Company's board of directors who are acceptable to both the Company and AmTrust. The determination of the members of the advisory board has not yet been made, but the parties agree that the three members will include only existing members of the Company's board of directors.

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.*

Response: See the response to Request 13.

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.*

Response: The financial statements prepared in accordance with generally accepted accounting principles for ARI Mutual Insurance Company and subsidiary as of and for the year ended December 31, 2014 did not include the effect of the reinsurance commission on the net quota share treaty in the calculation of the Deferred Acquisition Costs. The effect was to overstate income and assets by \$1,176,792. This was corrected in the financial statements prepared in accordance with generally accepted accounting principles as of and for the period ended March 31, 2015. The deferred acquisition costs net of the reinsurance commissions on the unearned reinsurance premiums as of March 31, 2015 is a negative of \$154,659 and such amount is included with other liabilities in the Consolidated Balance Sheet. This adjustment and the appropriate handling were discussed with the Company's independent accountants. The unaudited financial statements of the Company for the period ended March 31, 2015 have been provided to Feldman Financial Advisers, Inc. ("Feldman"), Boenning & Scattergood (advisor to the Department) and AmTrust with the explanation noted above. There was no impact to the statutory financial statements in either period. While the updated appraisal by Feldman has not yet been completed, the Company expects it shortly and will forward to the Department.

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.*

Response: The board of directors will also include Ms. Susan C. Fisch. She currently serves as an independent member of AmTrust's board of directors. AmTrust will send her biographical affidavit under separate cover.

Ms. Fisch, 70, has served as a member of AmTrust's board of directors since 2010, has over 30 years of experience in the insurance industry as a reinsurance broker specializing in workers' compensation. From 2001 to 2009, Ms. Fisch was an executive at Willis Re, Inc., an insurance broker, where she created and directed the Workers' Compensation Practice Group that was responsible for the creation of new products, placement of workers' compensation programs, relationship coordination with reinsurers and new client prospecting. In addition, she provided guidance and strategic direction to Willis Re clients and prospects in all aspects of workers' compensation. From 1992 through 2001, Ms. Fisch was a senior vice president and team leader specializing in workers' compensation at Benfield Blanch. From 1987 through 1992, she was a reinsurance treaty broker focusing on workers' compensation at Enan & Company. From 1978 through 1987, she was employed by Thomas A. Greene Company as a facultative broker and, ultimately, as head of the casualty facultative department in the company's San Francisco office. She began her career with Towers Perrin, an actuarial company, in 1976. Ms. Fisch has been a frequent speaker at workers' compensation seminars.

8. *Form A, Item 12 - Provide financial statements for those individuals controlling 10% or more of the voting securities of Amtrust Financial Services, Inc.*

Response: Financial statements for the individuals controlling 10% or more of the voting securities of AFSI will be forwarded under separate cover by Mr. Harry Schlachter, Senior Vice President for Finance of AFSI. Given the extremely sensitive and confidential nature of this information, we ask that the submission of these documents be accorded all the confidentiality protections available under Pennsylvania law. Specifically, we request that this information be treated confidentially under the applicable exceptions to Pennsylvania's Right to Know Law, 65 P.S. 67.10 et seq., including, but not limited to, all exceptions pertaining to personal financial information. All such information is being provided with the express understanding that the confidentiality of such information will be safeguarded and protected pursuant to all provisions of law, including but not limited to, the exemptions from disclosure under subparagraph (6) of paragraph (b) of Section 708 of the Right to Know Law.

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.*

Response: Attached is an organizational chart of the post-closing management structure of ARI, with a detail job description for each management position.

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).*

Response: See the response to Request 9 above.

11. *Business Plan, Item 22 - Provide copies of all issued and proposed agency/agent communications regarding the Proposed Transactions.*

Response: Attached is the communication, dated March 17, 2015, by ARI transmitting the press release issued by AmTrust announcing the transaction.

12. *Business Plan, Item 23 - Identify the person's name and credentials that prepared the pro forma financial statements.*

Response: The pro forma financial statements were prepared by AFSI employee Steven A. Ciardiello, CPA.

13. *Business Plan, Item 23 - The prepared pro forma financial statements do not reflect the statutory minimum capital and surplus required of ARI Stock.*

Response: Attached are revised pro forma financial statements showing ARI Stock maintaining at least 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.

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.*

Response: AFSI confirms that it intends to acquire ARI Holdco as a direct wholly owned subsidiary of AFSI.

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).*

Response: The Company, following its conversion, will not be required to comply with the provisions of paragraphs (3), (4) and (4.1) of 40 P.S. §991.1405(c) as those provisions will not apply because the entity controlling the Company following the conversion will be AmTrust. AmTrust is a publicly held corporation having a board of directors and committees thereof which already meet the requirements of paragraphs (3), (4) and (4.1) of 40 P.S. §991.1405(c).

16. *Provide Company and Buyer Disclosure Letters as referenced in the Plan of Conversion and Stock Purchase Agreement.*

Response: Each of the Company Disclosure Letter and the Buyer Disclosure Letter are attached.

17. *Provide copies of any comments received on the Proposed Transactions that are not already on file with the Department.*

Response: There have been no comments on the Proposed Transactions that are not on file with the Department.

18. *Describe A.M. Best's reaction to the Proposed Transactions.*

Response: Following announcement of the transaction, on March 18, 2015, A.M. Best issued a press release and letter to ARI indicated that it had placed the ratings of ARI under review with positive implications for both its financial strength rating of B+ and issuer credit rating of "bbb-." Neither ARI or AmTrust have received any subsequent update to this review. ARI has been advised that A.M. Best's understanding is that the transaction is expected to be completed prior to December 31, 2015.

19. *Provide the proposed charter and bylaws of ARI Holdco Inc.*

Response: The proposed certificate of incorporation and proposed bylaws of ARI Holdco, Inc. are attached.

20. *Provide a pro forma balance sheet at closing for ARI Holdco Inc.*

Response: A pro forma balance sheet as of closing for ARI Holdco, Inc. is attached.

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.*

Response: An updated biographical affidavit for Mr. Gerth is attached.

- (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.*

Response: The lawsuits disclosed at 11(h)(ii) consist of the following:

- (1) On February 4, 2014, Plaintiff Mark Harris filed a complaint against the defendants alleging violations of Section 10(b) of the Securities Exchange Act and Rule 10b-5 promulgated thereunder as well as Section 20(a).
- (2) On February 14, 2014, Plaintiff David Sears filed a complaint alleging similar causes of action; and
- (3) On July 7, 2014, Plaintiffs filed an Amended Complaint and asserted for the first time a violation of Section 11 of the 1933 Securities Act relating to an offering of preferred stock in June 2013.

The defendants in these complaints are AFSI, Mr. Zyskind, and Ronald E. Pipoly, the Chief Financial Officer of AFSI.

The defendants filed a motion to dismiss these complaints in the U.S. District Court for the Southern District of New York on August 11, 2014. A decision is pending.

Separately, on April 7, 2015, a shareholder derivative complaint on behalf of shareholders of AFSI was filed in the Delaware Court of Chancery against ACP Re, Ltd.; Leah Karfunkel; and the board of directors of AFSI, including Mr. Zyskind. The suit alleges usurpation of AFSI's corporate opportunities by the controlling shareholder group of AFSI, in connection with a series of transactions involving Tower Group International, Ltd. The defendants view the allegations as without merit, and will be filing a motion to dismiss.

- (c) *Leah Karfunkel — The response to question 8 did not include employment history for the past 20 years.*

Response: Mrs. Karfunkel manages her personal investments and does not have an employment history for all of the past 20 years.

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If you have any questions or require any additional information with respect to the above, please do not hesitate to contact either Sunjeet Gill, of Stevens & Lee at (610) 478-2254 or ssg@stevenslee.com, or Adam Perri of AmTrust, at (212) 668-2095 or Adam.Perri@amtrustgroup.com.

STEVENS & LEE

AMTRUST FINANCIAL SERVICES, INC.

/s/ Sunjeet S. Gill
Sunjeet S. Gill

/s/ Adam B. Perri
Adam B. Perri
Vice President, Insurance Regulatory Counsel

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Enclosures

cc: Ms. Karen Fulton, ARI Mutual Insurance Company (*via electronic mail*)
Stephen Ungar, Esquire, AmTrust Financial Services, Inc. (*via electronic mail*)
Wesley R. Kelso, Esquire, Stevens & Lee (*via electronic mail w/o enclosures*)