

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Enstar Group Limited	:	Holding Companies Act, Article
Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 for the	:	Law of 1921, Act of May 17, 1921,
Restructuring of the Holding Company	:	P.L. 682, <u>as amended</u> , 40 P.S.
System which Includes Positive	:	§§991.1401, 991.1402, and
Physicians Insurance Company	:	991.1403
	:	
	:	Order No. ID-RC-21-05

**DECISION AND ORDER**

AND NOW, on this \_\_\_9th\_\_\_ day of March 2021, Melissa Greiner, 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**

PA Domestic Insurer

1. Positive Physicians Insurance Company (“PPIC”) is a domestic stock casualty insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Berwyn, Pennsylvania.

2. Positive Physicians Holdings, Inc. (“PP Holdings”) is a business corporation organized pursuant to the laws of Pennsylvania with its principal place of business in Berwyn, Pennsylvania. PP Holdings currently directly holds 100% of the issued and outstanding stock of PPIC.
3. Clarendon National Insurance Company (“CNIC”) is a foreign stock property insurance company that is admitted in Pennsylvania and organized pursuant to the laws of Texas with its principal place of business in Dallas, Texas.
4. Enstar Holdings (US) LLC (“Enstar US”) is a limited liability company organized pursuant to the laws of Delaware with its principal place of business in St. Petersburg, Florida. Enstar US currently directly holds 100% of the issued and outstanding stock of CNIC and directly holds 27% of the issued and outstanding stock of PP Holdings.
5. Enstar Group Limited (“EGL”) is a publicly-traded Bermuda exempted company with its principal place of business in Hamilton, Bermuda. Enstar US is an indirect wholly-owned subsidiary of EGL.
6. EGL is an ultimate controlling person of PPIC.

#### **Filing of the Application**

7. On December 22, 2020, the Department received an initial request (which together with all material received subsequently is collectively referenced as “Application”) from EGL for approval to restructure the insurance holding company system, which includes PPIC.
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. (“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.
9. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
10. 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**

11. As described in the Application, Enstar US proposes to contribute its 27% ownership interest in PP Holdings capital stock to CNIC. The remaining 73% ownership interest in PP Holdings will be unaffected by this transaction.
12. As described in the Application, upon completion of the transaction, PPIC will become an indirect subsidiary of CNIC, and CNIC will remain a direct wholly-owned subsidiary of Enstar US.
13. As described in the Application, upon completion of the transaction, EGL will remain as an ultimate controlling person of PPIC.
14. The Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) has delegated to the Deputy Commissioner the authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer.
15. The Deputy Commissioner finds that the transaction described in the Application would not have the effect of changing or influencing the control of a domestic insurer.
16. 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 Commissioner has delegated authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer to the Deputy Commissioner.
3. The Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
4. The Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
5. The restructuring of the holding company system proposed in the Application is not being contemplated to change or influence the ultimate control of PPIC, and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance

Holding Companies Act.

6. 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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System which Includes Positive	:	§§ 991.1401, 991.1402, and
Physicians Insurance Company	:	991.1403
	:	
	:	Order No. ID-RC-21-05

**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 Enstar Group Limited requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of the insurance holding company system that involves Positive Physicians 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.



MELISSA GREINER  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation