

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Fox Paine International	:	Holding Companies Act, Article
GP, Ltd. 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 their Holding Company	:	P.L. 682, as amended, 40 P.S.
System which Includes Penn-America	:	§§991.1401, 991.1402, and
Insurance Company, Penn-Star Insurance	:	991.1403
Company and United National Insurance	:	
Company	:	Order No. ID-RC-21-12

DECISION AND ORDER

AND NOW, on this 12th day of May 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

1. Penn-Star Insurance Company (“PSIC”) is a domestic stock casualty insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Bala Cynwyd, Pennsylvania.
2. Penn-America Insurance Company (“PAIC”) is a domestic stock property insurance company organized pursuant to the laws of Pennsylvania with its

principal place of business in Bala Cynwyd, Pennsylvania. PAIC currently directly holds 100% of the issued and outstanding stock of PSIC.

3. Penn-America Group, Inc. ("PAG") is a domestic insurance holding company organized pursuant to the laws of Pennsylvania with its principal place of business in Bala Cynwyd, Pennsylvania. PAG currently directly holds 100% of the issued and outstanding stock of PAIC.
4. United National Insurance Company ("UNIC" and collectively referenced hereinafter with PAIC and PSIC as the "Domestic Insurers") is a domestic stock casualty insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Bala Cynwyd, Pennsylvania. UNIC currently directly holds 2.2% of the issued and outstanding stock of PAG and indirectly holds 30.5% of the issued and outstanding stock of PAG.
5. GBLI Holdings, LLC ("GBLI") is a limited liability company organized pursuant to the laws of Delaware. GBLI currently directly holds 67.3% of the issued and outstanding stock of PAG and indirectly holds 100% of the outstanding stock of UNIC.
6. Global Indemnity Group, LLC ("GIG") is a limited liability corporation organized pursuant to the laws of Delaware. GIG currently indirectly holds 100% of the outstanding stock of GBLI.
7. U.N. Holdings (Cayman), Ltd. ("UNH I") is a business corporation organized pursuant to the laws of the Cayman Islands. UNH I currently directly holds approximately 13.7% of the outstanding stock of GIG.
8. U.N. Holdings (Cayman) II, Ltd. ("UNH II") is a business corporation organized pursuant to the laws of the Cayman Islands. UNH II currently directly holds approximately 14.2% of the outstanding stock of GIG.
9. No other person holds more than 10% of the outstanding stock of GIG.
10. Fox Paine Capital Fund II International, L.P. ("FP Capital") is an exempted limited partnership organized pursuant to the laws of the Cayman Islands. FP Capital currently directly holds approximately 93% and 92%, respectively, of the outstanding stock of UNH I and UNH II.
11. FP International LPH, L.P. ("FP International") is an exempted limited partnership organized pursuant to the laws of the Cayman Islands. FP International is the general partner of FP Capital.
12. Fox Paine International GP, Ltd. ("Fox Paine") is an exempted company organized pursuant to the laws of the Cayman Islands. Fox Paine is the general partner of FP International.

13. Fox Paine is the sole ultimate controlling person of the Domestic Insurers.

Filing of the Application

14. On April 13, 2021, 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 Fox Paine for approval to restructure their holding company system that includes the Domestic Insurers.
15. 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.
16. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
17. 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

18. As described in the Application, Fox Paine intends to restructure its holding company system by causing UNH I and UNH II to perform an upstream distribution of their approximately 13.7% and 14.2%, respectively, of outstanding stock of GIG (the “Proposed Distribution”).
19. As described in the Application, in accordance with the Proposed Distribution, FP Capital will receive approximately 25.8% of the outstanding stock of GIG, with the remaining 2.1% of outstanding stock of GIG from UNH I and UNH II being distributed to other funds within the Fox Paine group.
20. As described in the Application and as a result of the Proposed Distribution, UNH I and UNH II will be effectively removed from the ownership structure of the Domestic Insurers, and FP Capital will directly hold approximately 25.8% of the outstanding stock of GIG.

21. As described in the Application, upon completion of the Proposed Distribution, Fox Paine will remain as the sole ultimate controlling person of the Domestic Insurers.
22. The Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) has delegated to the Deputy Insurance Commissioner the authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer.
23. 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.
24. 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 Insurance 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 Insurance 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 proposed in the Application 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.
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.

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402, and 1403 of the Insurance
Application of Fox Paine International GP, Ltd. Requesting Exemption from the Requirements of 40 P.S. §991.1402 for the Restructuring of their Holding Company System which Includes Penn-America Insurance Company, Penn-Star Insurance Company and United National Insurance Company	:	Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, <u>as amended</u> , 40 P.S. §§991.1401, 991.1402, and 991.1403
	:	Order No. ID-RC-21-12

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 Fox Paine International GP, Ltd. requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its holding company system that includes Penn-America Insurance Company, Penn-Star Insurance Company and United National 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.



A handwritten signature in cursive script that reads "Melissa Greiner".

MELISSA GREINER
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation