

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Patrick J. Kilkenny	:	Holding Companies Act, Article
Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. § 991.1402 for	:	Law of 1921, Act of May 17, 1921,
the Restructuring of his Holding Company	:	P.L. 682, <u>as amended</u> , 40 P.S.
System	:	§§ 991.1401, 991.1402, and
	:	991.1403
	:	
	:	Order No. ID-RC-21-15

**DECISION AND ORDER**

AND NOW, on this 31st day of August 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. American Sentinel Insurance Company (“Sentinel”) is a domestic stock casualty insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Harrisburg, Pennsylvania.
2. LD Investments, LLC (“LD”) is a limited liability company organized pursuant to the laws of California with its principal place of business in Del Mar, California. LD currently directly holds 100% of the issued and outstanding stock of Sentinel.

3. Aegis Security Insurance Company (“Aegis”) is a domestic stock property insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Harrisburg, Pennsylvania.
4. ECFPK Insurance Holdings, LLC (“ECFPK”) is a limited liability company organized pursuant to the laws of Delaware with its principal place of business in San Diego, California. ECFPK currently directly holds 100% of the issued and outstanding stock of Aegis.
5. Patrick J. Kilkenny (“Mr. Kilkenny”) is an individual with his principal place of business in Del Mar, California. Mr. Kilkenny currently directly holds 100% of the membership interests of LD and 13.5% of the issued and outstanding stock of ECFPK.
6. Mr. Kilkenny is an ultimate controlling person of Aegis and is the sole ultimate controlling person of Sentinel.
7. On January 29, 2021, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) issued Order ID-RC-21-02 approving a transaction whereby Mr. Kilkenny would transfer his 13.5% of the issued and outstanding stock of ECFPK to LD, while LD would subsequently acquire an additional 83.8% of the issued and outstanding stock of ECFPK (the “Aegis Transaction”). The end result of the Aegis Transaction is that Mr. Kilkenny’s indirect percentage of control of Aegis will increase to 97.3% and Mr. Kilkenny will become the sole ultimate controlling person of Aegis. While the Aegis Transaction has been approved, the transaction has not yet been consummated.

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

8. On August 10, 2021, the Department received an initial request (which together with all material received subsequently is collectively referenced as “Application”) from Mr. Kilkenny for approval to restructure his holding company system.
9. 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.
10. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

11. 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**

12. As described in the Application, Mr. Kilkenny intends to restructure his holding company system by causing LD to contribute 100% of the issued and outstanding stock of Sentinel to Aegis (the "Proposed Contribution").
13. As described in the Application, the Aegis Transaction is unrelated to and independent of the Proposed Contribution and is expected to close before consummation of the Proposed Contribution.
14. Mr. Kilkenny will remain as the sole ultimate controlling person of Sentinel and Aegis if, and only if, the Aegis Transaction closes before consummation of the Proposed Contribution.
15. 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.
16. 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.
17. 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 Sentinel and Aegis, 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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: 991.1403  
:  
:  
: Order No. ID-RC-21-15

**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 Patrick J. Kilkenny requesting exemption from the requirements of 40 P.S. § 991.1402 for the restructuring of his holding company system, as set forth in the Application, is hereby granted provided that the Aegis Transaction closes before consummation of the Proposed Contribution.

This Order is effective immediately and valid for one year, provided there are no material changes to the representations provided in the application.



*Melissa L. Greiner*

MELISSA GREINER  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation