

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Lew G. Kachulis	:	Holding Companies Act, Article
Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. § 991.1402 to	:	Law of 1921, Act of May 17, 1921,
Increase his Percentage of Indirect Control	:	P.L. 682, <u>as amended</u> , 40 P.S.
of Synergy Comp Insurance Company	:	§§ 991.1401, 991.1402, and
	:	991.1403
	:	
	:	Order No. ID-RC-21-19

DECISION AND ORDER

AND NOW, on this __13th__ day of October, 2021, Melissa L. 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. Synergy Comp Insurance Company (“Synergy”) is a domestic stock casualty insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business in Sharon, Pennsylvania.
2. Synergy Holdings, Inc. (“SHI”) is a domestic insurance holding company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business in Sharon, Pennsylvania. SHI owns 100% of

the voting securities of Synergy.

3. The Lew G. Kachulis 2011 Revocable Trust (the “Revocable Trust”) is a trust fund organized under the laws of the Commonwealth of Pennsylvania. The Revocable Trust owns 33.181% of the voting securities of SHI.
4. The Christina M. Kachulis Lifetime 2012 Irrevocable Trust (the “CK Trust”) is a trust fund organized under the laws of the Commonwealth of Pennsylvania. The CK Trust owns .695% of the voting securities of SHI.
5. Lew G. Kachulis (“Mr. Kachulis”) is an individual with his principal place of business located in Sharon, Pennsylvania. Mr. Kachulis is Trustee for the Revocable Trust and, as such, controls 100% of the voting power of the Revocable Trust.
6. Mr. Kachulis is the ultimate controlling person of Synergy.

Filing of the Application

7. On September 20, 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 Mr. Kachulis for approval to increase his percentage of indirect control of Synergy.
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, effective May 8, 2021, the CK Trust was terminated.
12. As described in the Application, Mr. Kachulis, as a beneficiary of the CK Trust, would receive 23,750 shares equal to .348% of the voting securities of SHI (the "Transaction") which will be placed in the Revocable Trust.
13. As described in the Application, after giving effect to the Transaction, the Revocable Trust will directly hold 33.529% of the voting securities of SHI.
14. As described in the Application, Mr. Kachulis remains the ultimate controlling person of Synergy.
15. The Insurance Commissioner of the Commonwealth of Pennsylvania ("Insurance 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.
16. The Deputy Commissioner finds that the transaction described in the Application did 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 Commissioner.
3. The Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
4. The Application was filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
5. The restructuring of the holding company system described in the Application was not contemplated to change or influence the ultimate control of Synergy, 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 Lew G. Kachulis : Holding Companies Act, Article
Requesting Exemption from the : XIV of the Insurance Company
Requirements of 40 P.S. § 991.1402 to : Law of 1921, Act of May 17, 1921,
Increase his Percentage of Indirect Control : P.L. 682, as amended, 40 P.S.
of Synergy Comp Insurance Company : §§ 991.1401, 991.1402, and
: 991.1403
:
:
: Order No. ID-RC-21-19

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 Lew G. Kachulis requesting exemption from the requirements of 40 P.S. § 991.1402 to increase his percentage of indirect control of Synergy Comp 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 L. GREINER
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation

