

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Armour Group Holdings	:	Holding Companies Act, Article
Limited 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 its Holding Company	:	P.L. 682, as amended, 40 P.S.
System, which includes Excalibur	:	§§991.1401, 991.1402, and
Reinsurance Corporation	:	991.1403
	:	
	:	
	:	Order No. ID-RC-12-01

DECISION AND ORDER

AND NOW, on this 6th day of January, 2012, Stephen J. Johnson, 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. Excalibur Reinsurance Corporation (“Excalibur”) is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Philadelphia, Pennsylvania.
2. Armour Reinsurance Group Limited (“Armour Re”) is an alien corporation organized under the laws of Bermuda with its principal place of business in

Hamilton, Bermuda. Armour Re currently holds 100% of the issued and outstanding stock of Excalibur.

3. Trebuchet Investments Limited (“Trebuchet”) is an alien corporation organized under the laws of Bermuda with its principal place of business in Hamilton, Bermuda.
4. Armour Group Holdings Limited (“Armour Holdings”) is an alien corporation organized under the laws of Bermuda with its principal place of business in Hamilton, Bermuda. Armour Holdings currently holds 100% of the issued and outstanding stock of Armour Re and Trebuchet.
5. John C. Williams (“Mr. Williams”) is an individual with his primary residence located in Hamilton, Bermuda. Mr. Williams currently holds 40% of the issued and outstanding voting stock of Armour Holdings.
6. Brad S. Huntington (“Mr. Huntington”) is an individual with his primary residence located in Hamilton, Bermuda. Mr. Huntington currently holds 60% of the issued and outstanding voting stock of Armour Holdings.
7. Mr. Williams and Mr. Huntington are both an ultimate controlling person of Excalibur.

Filing of the Application

8. On December 22, 2011, 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 Armour Holdings for approval to effectuate a plan of reorganization of the holding company system that includes Excalibur.
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, the first step of the contemplated transaction calls for Armour Re to be placed in voluntary liquidation and to distribute 100% of its shares of Excalibur to Armour Holdings as a dividend in specie in the liquidation.
13. As described in the Application, the second step of the contemplated transaction calls for Armour Holdings to contribute 100% of the shares of Excalibur to Trebuchet.
14. As described in the Application, upon completion of the contemplated transaction, Mr. Williams and Mr. Huntington will both remain as an ultimate controlling person of Excalibur.
15. 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.
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 Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
3. The Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
4. The transaction 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.
5. 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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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 Armour Group Holdings Limited requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its holding company system, which includes Excalibur Reinsurance Corporation, 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.

STEPHEN J. JOHNSON
Deputy Insurance Commissioner