

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of The Goldman Sachs	:	Holding Companies Act, Article
Group, Inc. Requesting Exemption from	:	XIV of the Insurance Company
the Requirements of 40 P.S. §991.1402 for	:	Law of 1921, Act of May 17, 1921,
the Restructuring of its Holding Company	:	P.L. 682, <u>as amended</u> , 40 P.S.
System, which includes Essent Guaranty,	:	§§991.1401, 991.1402, and
Inc. and Essent Guaranty of PA, Inc.	:	991.1403
	:	
	:	
	:	
	:	ID-RC-13-10

DECISION AND ORDER

AND NOW, on this 17th day of June, 2013, 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. Essent Guaranty, Inc. (“Essent Guaranty”) is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Radnor, Pennsylvania.
2. Essent Guaranty of PA, Inc. (“Essent PA,” and together with Essent Guaranty, “The Domestic Insurers”) is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Radnor, Pennsylvania.
3. Essent US Holdings, Inc. (“Essent Holdings”) is a holding company organized under the laws of Delaware with its principal place of business in Radnor, Pennsylvania. Essent Holdings directly holds 100% of the issued and outstanding stock of The Domestic Insurers.

4. Essent Group Ltd. (“Essent Group”) is a company organized under the laws of Bermuda with its principal place of business in Hamilton, Bermuda. Essent Group directly holds 100% of the issued and outstanding stock of Essent Holdings.
5. The Goldman Sachs Group, Inc. (“Goldman Sachs”) is a corporation organized under the laws of Delaware with its principal place of business in New York, New York. Goldman Sachs directly holds 24.8% ownership interest in Essent Group.
6. Goldman Sachs is an ultimate controlling person of The Domestic Insurers.
7. Global Atlantic Financial Group (“Global Atlantic”) is a company organized under the laws of the Cayman Islands with its principal place of business in Hamilton, Bermuda. Global Atlantic is a holding company for which Goldman Sachs holds a 21% ownership interest and for which no other party holds an ownership interest greater than 9.9%.
8. Global Atlantic Financial Life Limited (“Global Atlantic Financial”) is a company organized under the laws of the Cayman Islands with its principal place of business in Hamilton, Bermuda. Global Atlantic Financial is an intermediate holding company for which Global Atlantic holds a 99% ownership interest.
9. Commonwealth Re Midco Limited (“Midco”) is a company organized under the laws of Bermuda with its principal place of business in Hamilton, Bermuda. Midco is a wholly owned subsidiary of Global Atlantic Financial.
10. Commonwealth Annuity and Life Reinsurance Company Limited (“CWA Re”) is a reinsurance company organized under the laws of Bermuda with its principal place of business in Hamilton, Bermuda. CWA Re is a wholly owned subsidiary of Midco.

Filing of the Application

11. On May 30, 2013, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as the “Application”) from Goldman Sachs for approval to restructure its holding company system that includes The Domestic Insurers.
12. 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.
13. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

14. Section 1402(g) of the Insurance Holding Companies Act provides for 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 Section 1402.

The Transaction

15. As described in the Application, as part of restructuring of its operations, Goldman Sachs entered an agreement to transfer 50% of its ownership interest in Essent Group (a total transfer of a 12.4% ownership interest) to Global Atlantic or one of its subsidiaries in two related transactions (the “Transactions”).
16. As described in the Application, the first of the Transactions involved the transfer of 9.7% of the Goldman Sachs ownership interest in Essent Group to CWA Re.
17. As described in the Application, the second of the contemplated Transactions calls for Goldman Sachs to transfer an additional 2.7% ownership interest in Essent Group to CWA Re, upon which Goldman Sachs and CWA Re will each hold a 12.4% ownership interest in Essent Group.
18. As described in the Application, upon completion of the Transactions, Goldman Sachs will retain control of CWA Re through its controlling interest in Global Atlantic and will remain as an ultimate controlling person of The Domestic Insurers.
19. The Deputy Commissioner finds that the Transactions described in the Application would not have the effecting of changing or influencing the control of a domestic insurer.
20. 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 a controlling interest 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 Transactions set forth in the Application are not contemplated to change or influence the ultimate control of The Domestic Insurers and, therefore, are 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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	:	
	:	ID-RC-13-10

ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”) hereby makes the following Order:

An approving determination for the application of The Goldman Sachs Group, Inc. requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its holding company system, which includes Essent Guaranty, Inc. and Essent Guaranty of PA, Inc., 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
Commonwealth of Pennsylvania