

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER AMERICAN
UNDERWRITERS INSURANCE COMPANY
and AMC RE, INC.**

A.I.D. NO. 2013-092

ORDER

Now on this day, the matter of American Underwriters Insurance Company and AMC Re, Inc. (collectively “Companies”), comes before Jay Bradford, Insurance Commissioner of the State of Arkansas (“Commissioner”). The Arkansas Insurance Department (“Department”) is represented by Associate Counsel, Amanda Capps Rose. From the facts and matters before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the parties and subject matter herein pursuant to Ark. Code Ann. §§ 23-61-103, 23-63-501, *et seq.*, and other provisions of the Arkansas Insurance Code.

2. American Underwriters Insurance Company, NAIC No. 10251, is an Arkansas domestic insurer authorized to transact property and casualty insurance business in the State of Arkansas.

3. AMC Re, Inc., NAIC No. 12884, is a captive insurer domiciled in Arkansas and authorized to transact reinsurance business in the State of Arkansas.

4. The stock of each of the Companies is currently owned one hundred percent (100%) by American Management Corporation and ultimately controlled by Fairfax Financial Holdings Limited. On September 13, 2013, the Companies’ legal counsel submitted correspondence describing a proposed transaction as follows:

a. American Management Corporation is owned by Crum & Forster Holdings Corp. (“Crum & Forster”).

b. There will be a dividend of the stock of each of the Companies from American Management Corporation to Crum & Forster, with a subsequent contribution of the stock of each of the Companies from Crum & Forster to United States Fire Insurance Company.

c. As a result of the proposed transaction, United States Fire Insurance Company will be the direct parent of the Companies.

5. United States Fire Insurance Company is one hundred percent (100%) owned by Crum and Forster. The Companies will remain ultimately controlled by Fairfax Financial Holdings Limited.

6. In the September 13, 2013 correspondence from the Companies’ legal counsel, the Companies requested an exemption from the requirements of Ark. Code Ann. §§ 23-63-506 – 23-63-513.

7. The Commissioner or his representatives have reviewed the proposed transaction, including the organizational structure, as it affects the Companies, both prior to and following the proposed transaction.

8. The Commissioner finds that the proposed transaction will not change or influence the control of the Companies.

CONCLUSIONS OF LAW

Based upon the above and foregoing Findings of Fact and the evidence before him, the Commissioner concludes as follows:

9. The Companies are subject to the Insurance Holding Company Regulatory Act (“Act”), Ark. Code Ann. §§ 23-63-501, *et seq.* Pursuant to the Act and Department Rule 15, a detailed filing is required for any change of control or merger with a domestic insurer. Additionally, the Act and Department Rule 15 require the Commissioner’s prior approval of any such transaction following a hearing on the matter.

10. The Act provides, in pertinent part, as follows:

The provisions of §§ 23-63-506 -- 23-63-513 shall not apply to: [...]

(3) Any offer, request, invitation, agreement, or acquisition which the commissioner, by order, shall exempt therefrom as:

(A) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer.

Ark. Code Ann. § 23-63-507(3)(A).

11. Based upon the findings stated above and applicable provisions of the Act, because the transaction was not made or entered into for the purpose of, and not having the effect of changing or influencing the control of, a domestic insurer, the requested exemption from the requirements of Ark. Code Ann. §§ 23-63-506 -- 23-63-513 should be granted.

12. It is hereby **ORDERED** that the proposed transaction is exempt from the requirements of Ark. Code Ann. §§ 23-63-506 -- 23-63-513 pursuant to Ark. Code Ann. § 23-63-507(3)(A).

IT IS SO ORDERED ON THIS 26th DAY OF SEPTEMBER, 2013.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS