

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

**IN THE MATTER AMERICAN
SOUTHERN PIONEER PROPERTY
& CASUALTY INSURANCE COMPANY**

A.I.D. NO. 2013- 118

ORDER

Now on this day, the matter of Southern Pioneer Property & Casualty Insurance Company (“Company”), 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. Southern Pioneer Property & Casualty Insurance Company, NAIC No. 16047, is an Arkansas domestic insurer authorized to transact casualty, excluding workers’ compensation, property and surety insurance business in the State of Arkansas.

3. The Company is a wholly owned subsidiary of SPP&C Holding Co., Inc. (“SPP&C”), which is wholly owned by Hyneman Investments, Limited Partnership (“HILP”) In correspondence dated November 25, 2013, the Company’s President described a proposed transaction as follows:

a. HILP will distribute its stock in SPP&C to its limited partners of record immediately prior to closing of the proposed transaction.

b. Immediately prior to closing, the limited partners will consist of eleven (11) trusts established for the benefit of the Hyneman family.

c. Following the proposed transaction, the eleven (11) trusts would directly own one hundred percent (100%) of the outstanding shares of SPP&C and, indirectly, would own one hundred percent (100%) of the outstanding shares of the Company.

4. The reorganization of the Company does not result in a change in the ultimate controlling party.

5. In the November 25, 2013 correspondence from the Company's President, the Company requested an exemption from the requirements of Ark. Code Ann. §§ 23-63-506 – 23-63-513.

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

7. The proposed transaction will not change or influence the ultimate control of the Company.

CONCLUSIONS OF LAW

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

8. 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 an

Arkansas 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.

9. 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).

10. 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.

11. 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 12 DAY OF DECEMBER, 2013.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS