

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

**IN THE MATTER OF AVIATION  
TITLE INSURANCE COMPANY**

**A.I.D. NO. 2015- 065**

**ORDER**

Now on this day, the matter of Aviation Title Insurance Company (“Company”) comes before Allen Kerr, 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. Aviation Title Insurance Company, NAIC No. 50031, is an Arkansas domiciled title insurance company.

2. The Company is wholly owned by Matthew E. Kelly. In correspondence dated April 22, 2015 and information subsequently received by the Department, Margaret A. Johnston of the Mitchell Williams law firm, the Company’s legal counsel, described the transaction as follows:

a. Matthew E. Kelly has transferred one hundred percent (100%) of his stock in the Company to the Amended and Restated Matthew E. G. Kelly Revocable Trust, dated November 29, 2007 (“Trust”).

b. The Trust is a living trust of which Matthew E. Kelly is the trustor and the sole trustee.

c. The transfer of the stock of Aviation Title Insurance Company to the Trust was done solely for Matthew E. Kelly's estate planning purposes.

3. After the transfer of the Company's stock to the Trust, Matthew E. Kelly will remain the ultimate controlling person.

4. In the April 22, 2015 correspondence from the Company's legal counsel, the Company requested an exemption from the requirements of Ark. Code Ann. §§ 23-63-506 – 23-63-513.

5. The Commissioner or his representatives have reviewed the proposed transaction, including the Trust document.

#### **CONCLUSIONS OF LAW**

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

6. 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.

7. The Company is 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.

8. 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).

9. 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 filing requirements of Ark. Code Ann. §§ 23-63-506 – 23-63-513 should be granted.

It is hereby **ORDERED** that:

1. 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).

2. The Department shall be notified within thirty (30) days of the death of Matthew E. Kelly, after which time the co-trustees shall provide periodic updates with regard to the Company and the status of its ownership.

3. Following the death of Matthew E. Kelly, a filing pursuant to Ark. Code Ann. §§ 23-63-506 – 23-63-513 shall be submitted if the successor trustees plan to retain ownership of the Company in the Trust or plan to transfer ownership to another trust,

person or entity. Additionally, any plans to cede the Company's business or dissolve the Company shall be filed with the Department prior to any such transaction.

**IT IS SO ORDERED ON THIS 27<sup>th</sup> DAY OF JULY, 2015.**

A handwritten signature in black ink, appearing to read 'Allen Kerr', written over a horizontal line.

ALLEN KERR  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS