

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

**IN THE MATTER OF THE APPLICATION
FOR APPROVAL OF THE ACQUISITION OF
AURIGEN REINSURANCE COMPANY OF AMERICA,
NAIC #74900, BY APPLICANTS
PARTNERRE U.S. CORPORATION,
PARTNERRE HOLDINGS EUROPE LIMITED,
PARTNERRE LTD., EXOR NEDERLAND N.V.,
EXOR N.V., GIOVANNI AGNELLI BV,
DICEMBRE S.S., and JOHN ELKANN**

AID NO. 2017- 020

ORDER

A public hearing was held at 2:00 p.m. on February 28, 2017, in the Hearing Room of the Arkansas Insurance Department in accordance with the provisions of Ark. Code Ann. §§ 23-63-501, *et seq.*, and other pertinent provisions of the Arkansas Insurance Code, pursuant to a Statement Regarding the Acquisition of Control of a Domestic Insurer (“Statement”), dated November 17, 2016, filed by PartnerRe U.S. Corporation, PartnerRe Holdings Europe Limited, PartnerRe Ltd., Exor Nederland N.V., EXOR N.V.; Giovanni Agnelli BV; Dicembre s.s.; and John Elkann (each an “Applicant” and together the “Applicants”) seeking approval of the acquisition of Aurigen Reinsurance Company of America (“Company”). The hearing was held before Chief Deputy Commissioner Russ Galbraith, (“Hearing Officer”), pursuant to his appointment by Commissioner Allen Kerr in accordance with Ark. Code Ann. § 23-61-103. The Arkansas Insurance Department (“Department”) was represented by Amanda Capps Rose, Associate Counsel, and Mel Anderson, Deputy Commissioner of Financial Regulation. The Applicants were represented by Thomas Forsyth, internal counsel to PartnerRe Ltd. (“PartnerRe”), and by their attorneys, Andrew Holland of Sidley Austin LLP and T. Ark. Monroe, III and Zachary T. Steadman of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C.

FINDINGS OF FACT

From the Statement, related filings, testimony of witnesses, and other evidence presented at the hearing, including exhibits filed in connection therewith, reports and statements on file with the Department, representations of counsel, and other matters and things considered, the Hearing Officer finds that:

1. The Statement and related filings were filed herein on November 17, 2016.
2. The Company is an Arkansas domiciled insurance company, NAIC No. 74900, duly licensed and in good standing under the laws of the State of Arkansas and is a wholly-owned indirect subsidiary of Aurigen Capital Limited (“ACL”), a corporation existing under the laws of Bermuda.
3. The Applicants will acquire control of the Company through PartnerRe’s purchase of all issued and outstanding shares of common stock of ACL through a Share Purchase Agreement entered into on October 20, 2016. The Applicants intend to contribute Aurigen USA Holdings Inc. (“Aurigen USA”), a subsidiary of ACL and the parent of the Company, to PartnerRe U.S. Corporation (“PartnerRe U.S.”), a subsidiary of PartnerRe, such that Aurigen USA will become a direct, wholly-owned subsidiary of PartnerRe U.S., with the Company remaining a direct, wholly-owned subsidiary of Aurigen USA.
4. All persons attending the hearing were provided the opportunity to present evidence, examine witnesses, and/or offer argument or objection. The Applicant presented evidence and argument through counsel and through the testimony of its representative, Ray Johnson.
5. Mr. Johnson testified that, in his opinion:
 - (a) The acquisition is not contrary to law;

- (c) The acquisition will not substantially reduce the security of and service to be rendered to the Company's policyholders and the public;
- (d) After the change of control, the Company will be able to satisfy the requirements for the issuance of a license to write the line(s) of business for which it is presently licensed;
- (e) The acquisition will not substantially lessen competition in any line of insurance business in Arkansas or tend to create a monopoly;
- (f) The financial condition of the Applicants will not jeopardize the financial stability of the Company or any corporation controlling the Company or prejudice the interests of its policyholders;
- (g) Any plans or proposals the Applicants have to liquidate the Company, sell its assets, or consolidate or merge it with any person, or to make any material change in its business or corporate structure or management will not be unfair or unreasonable to the security holders and the policyholders of the Company; and
- (h) The competence, experience and integrity of those persons who would control the operation of the Company upon the acquisition are such that it would be in the interest of policyholders and of the public to permit the acquisition.

6. No objections were made at the hearing or otherwise to the proposed acquisition of the Company by the Applicant.

CONCLUSIONS OF LAW

7. The parties agree that the Commissioner has jurisdiction of the parties and the subject matter under the provisions of Ark. Code Ann. §§ 23-63-501, *et seq.*, and other pertinent provisions

of the Arkansas Insurance Code. The Notices of Hearing were given within the time and in the manner required by law.

8. All filings, hearings and other procedures required by law or otherwise deemed appropriate by the Hearing Officer have been duly completed by the Applicant and the Department.

9. The requirements of Ark. Code Ann. §§ 23-63-501, *et seq.*, regarding the acquisition of the Company have been satisfactorily met, the proposed acquisition will not violate applicable law, none of the conditions specified in Ark. Code Ann. § 23-63-510 as preclusions for the approval of the acquisition exist, and the Department has completed its review of the proposed transaction.

RECOMMENDATIONS OF THE HEARING OFFICER

WHEREFORE, based upon the foregoing Findings of Fact, Conclusions of Law, and other matters before the Hearing Officer, the Hearing Officer recommends that the proposed acquisition of control of Aurigen Reinsurance Company of America be approved as provided in the Statement and related filings and as described in this Order. Furthermore, the Hearing Officer recommends that the Company be allowed to continue to maintain its books and records in its Red Bank, New Jersey office.



RUSS GALBRAITH
CHIEF DEPUTY COMMISSIONER
and HEARING OFFICER

CERTIFICATION

I, Allen Kerr, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law, and Recommendation of the Hearing Officer were made by and under my authority and supervision by Russ Galbraith, Chief Deputy Commissioner

and Hearing Officer in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law, and Recommendations in full and enter this order.

THEREFORE, it is hereby ORDERED, based upon the above and foregoing Findings of Fact, Conclusions of Law and other matters stated herein, the Hearing Officer does hereby approve the proposed acquisition of control of Aurigen Reinsurance Company of America, pursuant to and subject to the terms and conditions of the Statement and related filings.

IT IS SO ORDERED this 28th day of February, 2017.



ALLEN KERR
INSURANCE COMMISSIONER
STATE OF ARKANSAS