

**BEFORE THE COMMISSIONER OF INSURANCE  
OF THE STATE OF KANSAS**

<b>In the Matter of the Proposed</b>	)	
<b>Acquisition of Control of</b>	)	
<b>OLD UNITED CASUALTY COMPANY</b>	)	
	)	
<b>By</b>	)	<b>Docket No. 3699-ACQ</b>
	)	
<b>VAN TUYL FAMILY 2006 IRREVOCABLE</b>	)	
<b>TRUST #2 FBO LARRY VAN TUYL</b>	)	

**ORDER**

NOW on this 21st day of August, 2007, the above matter comes before the Commissioner of Insurance of the State of Kansas upon the filing of a pre-acquisition notice pursuant to K.S.A. § 40-3304 and K.A.R. § 40-1-28 in the form of a Form A Statement Regarding the Proposed Acquisition of Control ("Form A Statement") by Van Tuyl Family 2006 Irrevocable Trust #2 FBO Larry Van Tuyl ("Applicant"). The Form A Statement relates to the proposed acquisition of control of Old United Casualty Company ("Old United"), a Kansas domestic insurance company, by the Applicant.

The Applicant is represented by Larry L. Van Tuyl, Trustee. Old United is represented by Timothy D. Kelley, Vice President, Old United. The Kansas Insurance Department ("KID") is represented by its General Counsel, John W. Campbell. Also appearing for KID are Deletria L. Nash, Assistant General Counsel; Kenneth G. Abitz, Director, Financial Surveillance Division; and Mark E. Owens, Financial Analyst, Financial Surveillance Division.

Pursuant to the authority granted to the Commissioner pursuant to K.S.A. § 40-3301 and § 40-3304(d)(1) and in accordance with the Kansas Administrative Procedures Act, K.S.A. § 77-501, *et seq.*, the Commissioner hereby asserts the

following declarations of public interest and policy, findings of fact, conclusions of law, and orders, as follows:

**DECLARATIONS OF PUBLIC INTEREST AND POLICY**

The Commissioner finds and declares that it is consistent with the public interest and the interest of policyholders to permit insurers to:

(a) Engage in activities which would enable insurers to make better use of management skills and facilities;

(b) diversify into new lines of business through acquisition and/or organization of subsidiaries;

(c) have free access to capital markets which could provide funds for insurers to use in diversification programs;

(d) implement sound tax-planning conclusions; and

(e) serve the changing needs of the public and adapt to changing conditions of the social, economic and political environment so that insurers are able to compete effectively and to meet the growing public demand for institutions capable of providing a comprehensive range of financial services.

The Commissioner further finds and declares that the policies and purposes in K.S.A. § 40-3301, *et seq.*, promote the public interest by:

(a) facilitating the achievement of the objectives enumerated in K.S.A. 40-3301 and set out above;

(b) requiring disclosure of pertinent information relating to changes in control of an insurer;

(c) requiring disclosure by an insurer of material transactions and relationships between the insurer and its affiliates, including certain dividends paid by the insurer; and

(d) providing standards governing material transactions between an insurer and its affiliates.

### **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The findings and conclusions stated herein are based upon the statements made by Applicant in the Form A Statement and accompanying documents made under oath and filed with KID by the Applicant pursuant to K.S.A. § 40-3304(b) and K.A.R. § 40-1-28.

1. Significant documents have been reviewed by representatives of the Financial Surveillance and Legal Division of KID, and the Commissioner has had the benefit of their technical expertise and advice as provided in K.S.A. § 77-546(c).

2. The purpose of the filing of the Form A Statement is to seek authority from KID for the proposed acquisition of control of Old United by the Applicant. The terms and conditions of the proposed acquisition are more fully set forth in the Form A Statement filed with the Commissioner dated July 1, 2007, pursuant to the Kansas Insurance Holding Companies Act, K.S.A. § 40-3301, *et seq.*

3. Applicant submitted various Exhibits to the Form A Statement, including, but not limited to, the Stock Purchase Agreement By and Among Cecil L. Van Tuyl, of Dallas County, Texas, as Grantor; Larry L. Van Tuyl, of Dallas County, Texas; P. Stanley Reed, of Maricopa County, Arizona; and Michael Pacheco, of Maricopa County, Arizona, collectively as Trustee; and Peter L. Woodsmall, of Johnson County, Kansas,

as Special Trustee of the Applicant dated October 29, 2006, organization charts, and financial statements.

4. A "Disclaimer of Control" of the Applicant, dated May 29, 2007, has been submitted, and approved herein by KID, for Larry L. Van Tuyl, P. Stanley Reed, and Michael Pacheco, the three named trustees of the Applicant; therefore, these individuals are not listed as Applicants.

5. The staff of KID have inspected and reviewed the contents of the Form A Statement and Exhibits attached thereto, to the extent necessary, and found that the filing of the Form A Statement and Exhibits are in accordance with K.S.A. § 40-3304 and K.A.R. § 40-1-28 and that the Form A Statement and Exhibits have provided the information required under Kansas statutes to enable the Commissioner to render a decision on the application.

6. Old United Casualty Company, a Kansas stock property and casualty company, was organized under the laws of Kansas on May 20, 1988 and was admitted to Kansas on April 20, 1989.

7. The Van Tuyl Family 2006 Irrevocable Trust #2 FBO Larry Van Tuyl, an irrevocable trust dated October 29, 2006, was established by Cecil L. Van Tuyl as Grantor for the benefit of Larry L. Van Tuyl.

8. Larry L. Van Tuyl, P. Stanley Reed, and Michael Pacheco are trustees for Applicant.

9. Van Enterprises, Inc. ("Van Enterprises"), a Kansas company, owns 100 percent of Old United Casualty.

10. The Van Tuyl Family 2006 Irrevocable Trust FBO Larry Van Tuyl, an irrevocable trust dated February 25, 2006, was established by Cecil L. Van Tuyl as Grantor for the benefit of Larry L. Van Tuyl.

11. On April 28, 2006, Cecil L. Van Tuyl, by and through his revocable trust, the Cecil L. Van Tuyl Trust, sold 100 percent of the non-voting common stock and 100 percent of the non-voting preferred stock to the Van Tuyl Family 2006 Irrevocable Trust FBO Larry Van Tuyl dated February 25, 2006.

12. At the closing of this acquisition, Applicant will own 40 percent of the outstanding voting common stock of Van Enterprises. The remaining 60 percent of the outstanding voting common stock will be in the possession of Cecil L. Van Tuyl (by and through his revocable trust, the Cecil L. Van Tuyl Trust).

13. Van Enterprises will be the immediate controlling person, while the Cecil L. Van Tuyl Trust will be the ultimate controlling person of Old United.

14. Applicant will acquire control of Old United through the purchase of 1,000 of the 2,500 outstanding shares of the voting common stock of Van Enterprises, which owns all of the outstanding shares of the voting common stock in Old United.

15. Applicant filed a draft copy of the Form A Statement with KID on or about July 1, 2007 and subsequently filed a duly certified copy of the Form A Statement with Exhibits on July 24, 2007.

16. Review of the evidence establishes that after the acquisition of control as proposed in the Form A Statement, Applicant will be able to satisfy the requirements necessary for maintaining the business of Old United to the satisfaction of any policyholders.

17. The evidence establishes that, after the acquisition of control as proposed in the Form A Statement, Old United will be able to satisfy the requirements for the issuance of a license to write the line or lines of business for which they are presently licensed.

18. No evidence has been introduced to establish that the financial condition of Applicant will jeopardize the financial stability of Old United or prejudice the interests of any policyholders.

19. Evidence has been introduced which shows that Applicant has no plans or proposals to liquidate Old United, sell its assets, or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management which would be unfair and unreasonable to the policyholders of Old United and not be in the public interest.

20. Evidence has been introduced to establish that the competence, experience and integrity of those persons who will control the operations of Old United after the acquisition are such that it will be in the interests of the policyholders of the Old United and of the public interest to permit the acquisition.

21. Evidence has been introduced to establish that Applicant's acquisition of Old United will not be hazardous or prejudicial to the insurance-buying public.

22. The Form A Statement is in compliance with the provisions of the Kansas Insurance Holding Companies Act, K.S.A. § 40-3301, *et seq.* and K.A.R. § 40-1-28.

23. The evidence submitted supports approval of the proposed acquisition of control of the Insurer by the Applicant, subject to certain conditions and requirements.

**IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE  
THAT:**

1. The application by Van Tuyl Family 2006 Irrevocable Trust #2 FBO Larry Van Tuyl to acquire control of Old United in the manner set forth in the Form A Statement and Exhibits attached thereto is hereby approved pursuant to K.S.A. § 40-3304, provided the acquisition is effected within sixty (60) days of the date of this Order.

2. The Kansas Insurance Department shall be notified by the Applicant before any changes occur in the ownership of the shares of Van Enterprises, Inc., the immediate controlling person of Old United.

3. A copy of the executed stock/purchase agreement shall be submitted to the Kansas Insurance Department upon execution.

4. The Commissioner of Insurance retains jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such further order or orders as may be deemed proper.

**Notice of Rights**

Van Tuyl Family 2006 Irrevocable Trust #2 FBO Larry Van Tuyl is entitled to a hearing pursuant to K.S.A. § 77-537, the Kansas Administrative Procedure Act. If the Applicant desires a hearing, they must file a written request for a hearing with:

John W. Campbell, General Counsel  
Kansas Insurance Department  
420 S.W. 9th Street  
Topeka, Kansas 66612.

This request must be filed within fifteen (15) days from the date of service of this Order. If any Applicant requests a hearing, the Kansas Insurance Department will notify them of the time and place of the hearing and information on the procedures, right of

representation, and other rights of parties relating to the conduct of the hearing, before commencement of same.

If a hearing is not requested in the time and manner stated above, this Order shall become effective as a Final Order upon the expiration of time for requesting a hearing, pursuant to K.S.A. § 77-613. In the event any Applicant files a petition for judicial review, pursuant to K.S.A. § 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

John W. Campbell, General Counsel  
 Kansas Insurance Department  
 420 S.W. 9<sup>th</sup> Street  
 Topeka, Kansas 66612

**IT IS SO ORDERED THIS   21st   DAY OF   AUGUST  , 2007, IN THE  
 CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



  /s/ Sandy Praeger    
 Sandy Praeger  
 Commissioner of Insurance

  /s/ John W. Campbell    
 John W. Campbell  
 General Counsel

Submitted and approved by:

  /s/ Deletria L. Nash    
 Deletria L. Nash  
 Assistant General Counsel



Certificate of Service

I hereby certify that a true and correct copy of the foregoing Order was forwarded via first class mail, postage prepaid on the \_\_21st\_\_ day of \_\_\_\_August\_\_\_\_, 2007 to:

Timothy D. Kelley, Esq.  
Old United Insurance Companies  
P.O. Box 795  
Shawnee Mission, KS 66201

Larry L. Van Tuyl  
1550 E. Missouri Avenue, Suite 300  
Phoenix, AZ 85014

\_\_\_\_\_/s/ Deletria L. Nash\_\_\_\_\_  
Deletria L. Nash  
Assistant General Counsel