

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

**In the Matter of the Proposed)
Acquisition of Control of)
TRINITY UNIVERSAL INSURANCE)
COMPANY OF KANSAS, INC.)
By)
AMTRUST FINANCIAL SERVICES, INC.,)
BARRY ZYSKIND, MICHAEL KARFUNKEL,)
AND GEORGE KARFUNKEL)**

Docket No. 3829-ACQ

ORDER

NOW 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 AmTrust Financial Services, Inc., Barry Zyskind, Michael Karfunkel, and George Karfunkel ("Applicants"). The Form A Statement and amendment relate to the proposed acquisition of control by Applicants of Trinity Universal Insurance Company of Kansas, Inc. ("Trinity Universal"), a Kansas domestic insurance company and subsidiary of Trinity Universal Insurance Company.

The Applicants are represented by its attorney, Stephen B. Ungar, General Counsel, AmTrust Financial Services, Inc. Trinity Universal is represented by Scott Renwick, Esq. 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.

This Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period if no request for hearing is made, pursuant to K.S.A. 77-542.

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:

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, amendment, and accompanying documents made under oath and filed with KID by 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 Divisions 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 Trinity Universal by the Applicants. The terms and conditions of the proposed acquisition are more fully set forth in the Form A Statement dated December 27, 2007 and filed with the Commissioner, pursuant to the Kansas Insurance Holding Companies Act, K.S.A. 40-3301, *et seq.*, and Amendment No. 1 dated March 5, 2008 and filed with the Commissioner.

3. Applicants submitted various Exhibits to the Form A Statement, including, but not limited to, the Stock and Asset Purchase Agreement by and between Trinity Universal Insurance Company and AmTrust Financial Services, Inc. dated December 6, 2007; organization charts, financial statements, and other related agreements.

4. The staff of KID have inspected and reviewed the contents of the Form A Statement, Amendment No. 1, and Exhibits attached thereto, to the extent necessary, and found that the filing of the Form A Statement, Amendment No. 1, and Exhibits are in accordance with K.S.A. 40-3304 and K.A.R. 40-1-28 and that the Form A Statement, Amendment No. 1, and Exhibits have provided the information required under Kansas statutes to enable the Commissioner to render a decision on the application.

5. Trinity Universal Insurance Company of Kansas, Inc., a Kansas property and casualty company, was organized under the laws of Kansas on January 10, 1972 and was admitted to Kansas on February 19, 1972.

6. Trinity Universal is a wholly owned subsidiary of Trinity Universal Insurance Company ("Trinity Universal Insurance"), a Texas stock property and casualty insurance company.

7. AmTrust Financial Services, Inc. ("AmTrust") is a Delaware insurance holding company.

8. AmTrust entered into a Stock and Asset Purchase Agreement, dated December 6, 2007, contemplating the sale of Trinity Universal Insurance's issued and outstanding shares of Trinity Universal for an aggregate purchase price of \$55,000,000 plus the combined statutory capital and surplus of Trinity Universal, Milwaukee Casualty Insurance Co., a Wisconsin insurance company, Security National Insurance Company, a Texas insurance company, and Trinity Lloyd's Corporation, a Texas corporation.

9. Upon completion of the transaction, Applicant would own 100% of the issued and outstanding shares of common stock of Trinity Universal.

10. Review of the evidence establishes that after the acquisition of control as proposed in the Form A Statement and Amendment No. 1, Applicants will be able to satisfy the requirements necessary for maintaining the business of Trinity Universal to the satisfaction of any policyholders.

11. The evidence establishes that, after the acquisition of control as proposed in the Form A Statement and Amendment No. 1, Trinity Universal will be able to satisfy the requirements for the issuance of a license to write the line or lines of business for which it is presently licensed.

12. No evidence has been introduced to establish that the financial condition of Applicants will jeopardize the financial stability of Trinity Universal or prejudice the interests of any policyholders.

13. Evidence has been introduced which shows that Applicants have no plans or proposals to liquidate Trinity Universal, 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 Trinity Universal and not be in the public interest.

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

15. Evidence has been introduced to establish that Applicants' acquisition of Trinity Universal will not be hazardous or prejudicial to the insurance-buying public.

16. The Form A Statement and Amendment No. 1 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.

17. The evidence submitted supports approval of the proposed acquisition of control of Trinity Universal by the Applicants, subject to certain conditions and requirements.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. The application by Applicants to acquire control of Trinity Universal Insurance Company of Kansas, Inc., a subsidiary of Trinity Universal Insurance Company, in the manner set forth in the Form A Statement, Amendment No. 1, and Exhibits attached thereto are hereby approved pursuant to K.S.A. 40-3304.

2. The ultimate controlling person is AmTrust Financial Services, Inc.

3. 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

Applicants are entitled to a hearing pursuant to K.S.A. 77-537, the Kansas Administrative Procedure Act. If the Applicants desire 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 the Applicants request 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 the Applicants file 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. 9th Street
Topeka, Kansas 66612

IT IS SO ORDERED THIS 18th DAY OF APRIL, 2008, 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

Approved and Submitted 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 18th day of April , 2008 to:

Stephen B. Ungar
Secretary and General Counsel
AmTrust Financial Services, Inc.
59 Maiden Lane, 6th Floor
New York, New York 10038
Counsel for Applicant

Scott Renwick, Esq.
Unitrin, Inc.
One East Wacker Drive
Chicago, IL 60601
Counsel for Trinity Universal

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