

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

In the Matter of the Proposed Exemption of )  
**Onex HBI Holdings II Limited s.a.r.l.** ) **Docket No. 4004-EX**

**ORDER**

Now comes on for disposition the request of Onex HBI Holdings II Limited s.a.r.l. ("Applicant"), dated April 28, 2009, for an Order, pursuant to K.S.A. 40-3304(e) (1), exempting Applicant from the filing and approval requirements of K.S.A. 40-3304(a), as said statute may be construed to apply to the restructuring of the insurance holding company system of Travel Air Insurance Company, Ltd., a Kansas-domiciled insurer, and its wholly-owned subsidiary, Travel Air Insurance Company (Kansas), also domiciled in Kansas. Such restructuring was accomplished through a change in the ownership of Hawker Beechcraft Inc., the parent of Hawker Beechcraft Acquisition Company, LLC, the immediate parent of Travel Air Insurance Company, Ltd.

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.

**FINDINGS OF FACT**

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-103 and K.S.A. 40-3301, *et seq.*
2. The Applicant is an s.a.r.l. domiciled in Luxembourg. An s.a.r.l. is a "societe a responsabilite limitee", which is a private limited liability corporate entity that exists in France, Switzerland, Luxembourg, Macau, Algeria, Morocco, and Tunisia. The Applicant is owned by Onex American Holdings Subco LLC (94.41%) and Hawker Beechcraft Executive Investco LLC (5.59%). Both entities are wholly-owned by Onex American Holdings II LLC, which is wholly-owned by Onex Corporation. Onex Corporation is domiciled in Ontario, Canada. Onex American Holdings Subco LLC,

Hawker Beechcraft Executive Investco LLC, and Onex American Holdings II LLC are domiciled in Delaware.

3. Applicant has requested an exemption from the acquisition and approval requirements of the Kansas Insurance Holding Companies Act, specifically those requirements stated in K.S.A. 40-3304(a).

4. Onex Corporation and the Goldman Sachs Group, Inc. each purchased 49% of Hawker Beechcraft, Inc. on March 26, 2007. Onex Corporation utilized three of their Limited Liability Partnerships and three Limited Partnerships to make the purchase. Of these six entities, Onex American Holdings II LLC owned 18,925,654 shares of stock which amounts to 36.396% of the total stock (52.0 million shares) purchased by Onex Corporation. Hawker Beechcraft Executive Investco LLC owned 1,103,693 shares, which is 2.122% of the stock purchased.

5. On June 15, 2007, the stock in Hawker Beechcraft Inc. was transferred to Onex HBI Holdings II Limited s.a.r.l. from Onex American Holdings II LLC in the amount of 18,925,654 shares. This transfer constitutes an acquisition of 10% or more of the stock in a Kansas domiciled insurance company pursuant to K.S.A. 40-3304 and requires the filing of a Form A, unless an exemption from the Commissioner of Insurance is obtained.

6. Also, on June 15, 2007, stock in Hawker Beechcraft Inc. was transferred to Onex HBI Holdings II Limited s.a.r.l. from Hawker Beechcraft Executive Investco LLC in the amount of 1,103,693 shares. This transfer does not constitute an acquisition of 10% or more stock requiring the filing of a Form A.

7. As a result of the restructuring of the insurance holding company system of Hawker Beechcraft Inc., the Applicant owns 20,029,347 shares of Hawker Beechcraft Inc. which is 19.259% of the 104.0 million shares owned by Onex Corporation and the Goldman Sachs Group, Inc.

8. The above transfer was performed without the knowledge of the Kansas-domiciled insurance companies until January 5, 2009. Onex Corporation has stated that they were unaware that

prior approval was required for transfers of the Hawker Beechcraft, Inc. stock between Onex affiliates as no transfers of stock in the insurance companies were made.

### CONCLUSIONS OF LAW

9. K.S.A. 40-3304(a) provides, in part, as follows:

(a) No person other than the issuer shall . . . enter into any agreement to exchange securities, or, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, . . . at the time . . . any such agreement is entered into, . . . such person has filed with the commissioner of insurance and has sent to such insurer, a statement containing the information required by this section and such . . . agreement . . . has been approved by the commissioner of insurance in the manner hereinafter prescribed.

10. K.S.A. 40-3304(e) provides

(e) The provisions of this section shall not apply to:

Any offer, request, invitation, agreement or acquisition which the commissioner of insurance by order shall exempt therefrom as: (1) 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; . . .

11. Based upon the information enumerated in the Findings of Fact contained in paragraphs one through eight above, and the representations made on behalf of Applicant, the restructuring of the holding company system whereby the stock ownership of Hawker Beechcraft Inc. will be transferred from Onex American Holdings II LLC to Onex HBI Holdings II Limited s.a.r.l. is not made for the purpose of, and will not have the effect of changing or influencing the control of, Travel Air Insurance Company, Ltd. and Travel Air Insurance Company (Kansas), both of which are Kansas-domiciled insurers.

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

1. Onex HBI Holdings II Limited s.a.r.l. shall be exempt from the application of the formal filing and approval requirements of K.S.A 40-3304(a) as it may be deemed to apply to the reorganization of Hawker Beechcraft Inc., the holding company for Travel Air Insurance Company, Ltd. and Travel Air Insurance Company (Kansas), as the reorganization was effected on June 15, 2007.

2. Onex HBI Holding II Limited s.a.r.l. shall comply with all of the provisions and requirements of K.S.A. 40-3301, *et seq.*, in the future.

3. The Commissioner of Insurance retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action as necessary to dispose of this matter.

**Notice of Rights**

Onex HBI Holding II Limited s.a.r.l. is entitled to a hearing pursuant to K.S.A. 77-537, the Kansas Administrative Procedure Act. If 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 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 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. 9th Street  
Topeka, Kansas 66612

**IT IS SO ORDERED THIS   11th   DAY OF JUNE, 2009 IN THE CITY OF TOPEKA,  
COUNTY OF SHAWNEE, STATE OF KANSAS.**



  /s/ Sandy Praeger    
Sandy Praeger  
Commissioner of Insurance

By:   /s/ John W. Campbell    
John W. Campbell  
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   11th   day of June, 2009 to:

Mr. Brent A. Mitchell  
Martin, Pringle, Oliver, Wallace & Bauer, LLP  
100 N. Broadway, Suite 500  
Wichita, KS 67202

  /s/ Zachary J.C. Anshutz    
Zachary J.C. Anshutz  
Assistant General Counsel