

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

In the Matter of the Proposed)	
Acquisition of Control of)	
)	
MPM INSURANCE COMPANY OF KANSAS)	
)	Docket No. 4540-ACQ
By:)	
)	
MISSOURI PROFESSIONALS MUTUAL)	
)	

ORDER

Now on this 20th day of December, 2012, the above matter comes before the Commissioner of Insurance of the State of Kansas (“Commissioner”) 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 “Form A” Statement Regarding the Acquisition of Control of a Domestic Insurer (“Form A Statement”) by; Missouri Professionals Mutual (the “Applicant”), a Missouri association insurer organized under Chapter 383 of the Missouri Revised Statutes. The Form A Statement relates to the proposed acquisition of control of MPM Insurance Company of Kansas (“MPMK”), a Kansas domestic insurance company, through the purchase of all the outstanding shares of stock of MPMK from Timothy H. Trout, MPMK’s sole stockholder.

The Applicant is represented by Timothy H. Trout, President of the Applicant. MPMK is represented by Robert B. Sullivan of Polsinelli Shughart PC. The Kansas Insurance Department (“KID”) is represented by its Assistant General Counsel, Jennifer Sourk.

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:

DECLARATION 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 them to make better use of management skills and facilities;
- (b) diversify into new lines of business through acquisition 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. 40-33-1, *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 the insurer and its affiliates.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The findings of fact 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 Applicants 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 the KID, and the Commissioner has had the benefit of their technical expertise and advice.

2. The purpose of the filing of the Form A Statement is to seek authority from KID for the proposed acquisition of control of MPMK 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 pursuant to the Kansas Insurance Holding Companies Act, K.S.A. 40-3301, *et seq.*

3. The Form A Statement filed with the KID by Applicant included a Form A Statement Regarding the Acquisition of Control of a Domestic Insurer dated November 14, 2012, requesting approval of the acquisition of control of MPMK.

4. The Applicant submitted various Exhibits to the Form A Statement; including, but not limited to, the Stock Purchase Agreement, organizational charts, and financial statements.

5. MPMK is a Kansas corporation and its statutory home office is in Topeka, Kansas. Timothy H. Trout, an individual residing in the State of Missouri, currently directly owns one hundred percent (100%) of the outstanding shares of MPMK. The Applicant will obtain 100% ownership of MPMK through its purchase of the voting and outstanding shares that are currently owned by Mr. Trout.

6. On May 2, 2012 the Applicant and Timothy H. Trout executed a Stock Purchase Agreement (“Agreement”). The Agreement provides for the transaction to close following, among other things, the proper regulatory approval, including the KID. The purchase price of the acquisition is \$2,515,000. Upon execution of the Agreement, Missouri Professionals Mutual will be considered the ultimate controlling person of MPMK.

7. The staff of the 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 compliance with the provisions of the Kansas Insurance Holding Company Act, K.S.A. 40-3301 *et seq.* 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.

8. Evidence shows that after the change of control, MPMK would be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which they are presently licensed.

9. Evidence shows that the financial condition of the Applicant does not jeopardize the financial stability of the MPMK or prejudice the interest of their respective policyholders.

10. Evidence shows that the Applicant has no current plans or proposals to liquidate MPMK, sell its assets or consolidate or merge MPMK with any person, or to make any other material change in MPMK's current active business operations or corporate structure or management.

11. Evidence shows that the competence, experience and integrity of those persons who would control the operation of MPMK are such that it would be in the interest of policyholders of the insurer and of the public to permit the acquisition of control.

12. Evidence shows that the acquisition is not likely to be hazardous or prejudicial to the insurance-buying public.

13. The Applicant has agreed, prior to closing the acquisition of MPMK, to have appointed a total of seven (7) directors, with four (4) such directors being independent directors.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. The application by the Applicant to acquire control of MPM Insurance Company of Kansas in the manner set forth in the Form A Statement Regarding Acquisition of Control and Exhibits attached thereto is hereby approved pursuant to K.S.A. 40-3304, provided that the acquisition is effected within sixty (60) days of the date of this Order.

2. The Commissioner 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

This is a Final Order. This Final Order is effective upon service. Pursuant to K.S.A. 77-529, Applicant may petition the Commissioner for reconsideration of this Final Order within fifteen (15) days after service of the Final Order. A petition for reconsideration must state the specific grounds upon which relief is requested. Additionally, a party to this agency proceeding may seek judicial review of this Final Order by filing a petition in the District Court, pursuant to K.S.A. 77-601, et seq. Reconsideration of this Final Order is not a prerequisite for judicial review. A petition for judicial review is not timely unless filed within 30 days following the service of this Final Order, unless the Applicant petitions the Commissioner for reconsideration, in which case a petition for judicial review is not timely unless filed within 30 days following service of an order rendered upon reconsideration, or an order denying the request for reconsideration. In the event the Applicant files a petition for judicial review, the agency officer to be served on behalf of the KID is:

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

IT IS SO ORDERED THIS 20th DAY OF DECEMBER, 2012, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



 /s/ Sandy Praeger _____
Sandy Praeger
Commissioner of Insurance

 /s/ John Wine _____
John Wine
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 20th day of December, 2012 to:

Timothy H. Trout
President
Missouri Professionals Mutual
287 N. Lindbergh Blvd.
St. Louis, MO 63141

Robert B. Sullivan, Esq.
Polsinelli Shughart PC
700 West 47th Street, Suite 1100
Kansas City, MO 64112

_ /s/ Jennifer R. Sourk _____
Jennifer R. Sourk
Assistant General Counsel