

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

<b>In the Matter of the Proposed</b>	)	
<b>Acquisition of Control of</b>	)	
	)	
<b>OLD UNITED CASUALTY COMPANY</b>	)	
	)	<b>Docket No. 4524-ACQ</b>
<b>By:</b>	)	
	)	
<b>VAN TUYL FAMILY 2006 IRREVOCABLE</b>	)	
<b>TRUST #2 FBO LARRY VAN TUYL</b>	)	

**ORDER**

Now on this 20<sup>th</sup> day of November, 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 a “Form A” Statement Regarding the Acquisition of Control of a Domestic Insurer (“Form A Statement”) by Van Tuyl Family 2006 Irrevocable Trust #2 FBO Larry Van Tuyl (“Trust”), Larry L. Van Tuyl, P. Stanley Reed, and Michael Pacheco (collectively, “Applicants”). The Form A Statement relates to the proposed acquisition of control of Old United Casualty Company (“Old United”), a Kansas domestic insurance company, through the purchase of the remaining outstanding shares of voting common stock of Van Enterprises, Inc. (“Van Enterprises”) from the Cecil L. Van Tuyl Trust. Control of Old United will be obtained through this transaction because Van Enterprises currently owns 100% of the Old United common stock.

The Applicants are represented by the following three individuals who each have equal voting rights in the Trust, Larry L. Van Tuyl, P. Stanley Reed, and Michael Pacheco (collectively, “Trustees”). Old United is represented by Glen I. Mayer, Chief Financial Officer, of Old United. The Kansas Insurance Department (“KID”) is

represented by its counsel, Jennifer R. Sourk. Also representing the KID is Kenneth G. Abitz, Director, Financial Surveillance Division; and Mark E. Owens, Principal 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:

**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 the Applicants in the Form A Statement and accompanying documents made under oath and filed with KID by the 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 Old United by the Applicants. 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 the Applicants included a Form A Statement Regarding the Acquisition of Control of a Domestic Insurer dated August 31, 2012, requesting approval of the acquisition of control of Old United.

4. The Applicants submitted various Exhibits, to the Form A Statement, including, but not limited to, the Purchase and Sale Agreement, a copy of the Trust, organizational charts, and financial statements.

5. Old United is a Kansas corporation and its statutory home office is in Merriam, Kansas. Van Enterprises, Inc. (“Van Enterprises”), a Missouri corporation, currently owns one hundred percent (100%) of the outstanding shares of common stock of Old United. The Applicant will obtain 100% ownership of Old United through its purchase of the remaining 1,500 of the 2,500 outstanding shares of common voting stock of Van Enterprises, which are currently owned by the Cecil L. Van Tuyl Trust.

6. A “Disclaimer of Control” dated May 29, 2007 for the named Trustees herein is hereby declared revoked, because those named are now considered Applicants by this Form A Statement.

7. Any future changes in the Trustees named in the Trust will require prior approval by the KID.

8. On May 1, 2012, Applicants and Cecil L. Van Tuyl and Larry Lee Van Tuyl Trustees of the Cecil Van Tuyl Trust executed a Purchase and Sale 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 proposed acquisition is \$18,300,000. Upon execution of the Agreement, the Trust will be considered the Ultimate Controlling Person of Old United.

9. 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 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.

10. Evidence shows that after the change of control, Old United 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.

11. Evidence shows that the financial condition of the Applicants does not jeopardize the financial stability of the Old United or prejudice the interest of their respective policyholders.

12. Evidence shows that the Applicants have no current plans or proposals to liquidate Old United, sell its assets or consolidate or merge Old United with any person, or to make any other material change in Old United's current active business operations or corporate structure or management.

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

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

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

1. The application by the Applicants to acquire control of Old United 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:

Zachary J.C. Anshutz, General Counsel  
Kansas Insurance Department  
420 S.W. 9th Street  
Topeka, Kansas 66612.

**IT IS SO ORDERED THIS 20<sup>th</sup> DAY OF NOVEMBER, 2012, IN THE CITY OF  
TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



    /s/ Sandy Praeger \_\_\_\_\_  
Sandy Praeger  
Commissioner of Insurance

    /s/ Zachary J.C. Anshutz \_\_\_\_\_  
Zachary J.C. Anshutz  
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 20<sup>th</sup> day of November, 2012 to:

Mr. Glen I. Mayer  
Chief Financial Officer  
Old United Casualty Company  
P.O. Box 795  
Shawnee Mission, KS 66201

\_ /s/ Jennifer R. Sourk \_\_\_\_\_  
Jennifer R. Sourk  
Staff Attorney