

FINAL ORDER

EFFECTIVE: 11/21/2018

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

In the Matter of the Proposed)	
Acquisition of Control of)	
)	
AMTRUST INSURANCE COMPANY OF)	
KANSAS, INC.)	Docket No. 75909
NAIC No. 15954)	
)	
by:)	
)	
EVERGREEN PARENT, LP)	
)	
and)	
)	
EVERGREEN PARENT GP, LLC.)	

FINAL ORDER

Now on this 21 day of November, 2018, the above matter comes before the Commissioner of Insurance of the State of Kansas (the "Commissioner") upon the filing of a pre-acquisition notice pursuant to K.S.A. 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 dated May 2, 2018 and amended June 28, 2018 and August 1, 2018 ("Form A Statement") by Evergreen Parent, LP and Evergreen Parent GP, LLC (together the "Applicants"). The Form A Statement relates to the proposed acquisition of control of AmTrust Insurance Company of Kansas, Inc. ("Domestic Insurer"), a Kansas domestic insurance company by the Applicants.

Pursuant to the authority granted to the Commissioner by 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 the following:

DECLARATION OF PUBLIC INTEREST AND POLICY

The following statements of fact and conclusions of law are made with the intent to promote the policies and objectives enumerated in K.S.A. 40-3301.

FINDINGS OF FACT

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 the Kansas Insurance Department ("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, including proponent and opponent documentation, and the Commissioner has had the benefit of his staff's technical expertise and advice.
2. The purpose of the filing of the Form A statement is to seek authority from the KID for the proposed acquisition of control of Domestic Insurer by the Applicants. The terms and conditions of the proposed acquisition are more fully set forth in the Form A Statement filed by the Applicants with the Commissioner pursuant to the Kansas Insurance Holding Company 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 received May 14, 2018, and

amended June 28, 2018 and August 1, 2018, requested approval of the acquisition of control of AmTrust Insurance Company of Kansas by the Applicants.

4. The Applicants submitted various Exhibits to the Form A Statement, including, without limitation, the Merger Agreement, Amendment I to the Merger Agreement, various equity commitment letters, audited financial statements, organizational charts and NAIC biographical affidavits.
5. Applicants are domiciled in Delaware with their statutory home office in New York, NY.
6. Domestic Insurer is a Kansas Corporation with its statutory home office address in Topeka, KS.
7. Domestic Insurer is a wholly owned subsidiary of AmTrust Financial Services, Inc. ("AmTrust"). The current controlling shareholders of AmTrust are Barry D. Zyskind, George Karfunkel and Leah Karfunkel (collectively, the "Karfunkel-Zyskind Family"). The Karfunkel-Zyskind Family controls approximately 42.5% of the outstanding shares of common stock of AmTrust. In addition, four individuals related to the Karfunkel-Zyskind Family (Barry Karfunkel, Robert Karfunkel, Cindy Brecher and Esther Zyskind) and one entity (GKarfunkel Family LLC), none of whom are controllers, control an additional approximately 12.5% of the shares of Common Stock of AmTrust ("Related Persons"). In aggregate, the Karfunkel-Zyskind Family and the Related Persons owns or controls approximately 55% of the common stock of AmTrust.
8. According to the Form A Statement and Exhibits, the Applicants propose to acquire control of Domestic Insurer through the acquisition of AmTrust pursuant to a certain Agreement and Plan of Merger, dated March 1, 2018 and amended as of June 6, 2018,

among AmTrust, Evergreen Parent, L.P., and Evergreen Merger Sub, Inc., a Delaware corporation (“Merger Sub”) (collectively the “Merger Agreement”), in which Evergreen Parent, L.P. agreed to acquire AmTrust by means of a merger of Merger Sub with and into AmTrust, with AmTrust continuing as the surviving company and a direct, wholly owned subsidiary of Evergreen Parent (“The Merger”).

9. The Karfunkel-Zyskind Family and certain Related Persons entered into a rollover agreement on March 1, 2018 with Evergreen Parent, pursuant to which such Rollover Stockholders committed, immediately prior to the closing of The Merger, to contribute all shares of Common Stock of AmTrust that they owned to Evergreen Parent in exchange for partnership interests of equivalent value in Evergreen Parent. Upon closing of the Merger, Evergreen Parent will hold one hundred percent (100%) of the outstanding common stock of AmTrust.
10. The Karfunkel-Zyskind Family and the Related Persons will own in aggregate 64.5 % of the capital units of Evergreen Parent and 69.6% of the indirect voting rights of Evergreen Parent through the general partner.
11. Evergreen Parent’s general partner will continue to be Evergreen GP. Evergreen’s limited partners will be Trident Pine, controlled by the Trident VII Funds; the Karfunkel-Zyskind Family and Related Persons; certain employees of AmTrust and its subsidiaries who are stockholders of AmTrust; Enstar; MHJV; and certain other entities, charitable entities and foundations that may hold equity interests in Evergreen Parent in connection with participation through joinder in the Rollover Agreement.

12. Control of Evergreen Parent and Evergreen GP will be established through the terms of the amended and restated limited partnership agreement and the amended and restated limited liability company agreement. The Board of Managers of Evergreen GP will have management control over Evergreen Parent and Evergreen GP. The voting members of the Board of Managers of Evergreen GP will be appointed by the Karfunkel-Zyskind Family and by Trident Pine.
13. Through their rights to designate a majority of the members of the Board of Managers of Evergreen GP, the Karfunkel-Zyskind Family will remain the ultimate controlling person of Domestic Insurer for purposes of K.S.A. 40-3301, *et seq.*
14. The Merger Agreement provides for the transaction to close following, among other things, the receipt of proper regulatory approvals, including approval by the KID.

APPLICABLE LAW

15. K.S.A. 40-3304 provides:

(a) (1) No person other than the issuer shall make a tender offer for or a request or invitation for tenders of, or 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, after the consummation thereof, such person would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of such insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer or any person controlling a domestic insurer unless, at the time any such offer, request, or invitation is made or any such agreement is entered into, or prior to the acquisition of such securities if no offer or agreement is involved, 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 offer, request, invitation, agreement or acquisition has been approved by the commissioner of insurance in the manner hereinafter prescribed. The requirements of this section

shall not apply to the merger or consolidation of those companies subject to the requirements of K.S.A. 40-507 and 40-1216 to 40-1225, inclusive, and amendments thereto.

CONCLUSIONS OF LAW

16. The staff of the KID have inspected and reviewed the contents of the Form A Statement and Exhibits and found that the filings 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. Also, staff have found the Form A Statement and Exhibits have provided the information required under Kansas Statutes to enable the Commissioner to render a decision.
17. Evidence shows that after the change of control, Domestic Insurer would be able to satisfy all the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed.
18. Evidence shows that the financial condition of the Applicants does not jeopardize the financial stability of Domestic Insurer or prejudice the interest of its policyholders.
19. Evidence shows that the Applicants have no current plans or proposals to liquidate Domestic Insurer, sell its assets or consolidate or merge it with any person, or make any material change in Domestic Insurer's current active business operations or corporate structure or management.
20. Evidence shows that the competence, experience and integrity of those persons who would control the operation of Domestic Insurer are such that it would not be harmful to the interest of policyholders of the insurer and of the public to permit the acquisition of control by the Applicants.

21. Evidence shows that the acquisition of control of Domestic Insurer by the Applicants 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 Domestic Insurer in the manner set forth in the Form A Statement and Exhibits is hereby approved pursuant to K.S.A. 40-3304, provided that the acquisition is effected within ninety (90) 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 Final Order is effective upon service. Pursuant to K.S.A. 77-529, Applicants 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 thirty (30) days following the service of this Final Order, unless the Applicants petition the Commissioner for reconsideration, in which case a petition for judicial review is not timely unless filed within thirty (30) days following service of an order rendered upon reconsideration, or an order denying the request for reconsideration. In the event the Applicants file a petition for judicial review, the agency officer to be served on behalf of the Department is:

Diane Minear, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

IT IS SO ORDERED THIS 21 DAY OF NOVEMBER, 2018, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



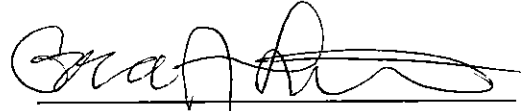
Ken Selzer, CPA
Commissioner of Insurance

By:

Grace Lancaster
Staff Attorney

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Final Order was forwarded via first class mail, postage prepaid on the 21 day of November, 2018 to:

A handwritten signature in black ink, appearing to read "Grace Lancaster", written over a horizontal line.

Grace Lancaster
Staff Attorney