

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

In the Matter of the Proposed Exemption of)
RAYTHEON COMPANY)

Docket No. 2750-H

ORDER

Now comes on for disposition the request of Raytheon Company for an Order under Kansas Statutes Annotated (K.S.A.) 40-3304(e) exempting said entity from the filing and approval requirements of K.S.A. 40-3304, as said statute may be construed to apply to the restructuring of the insurance holding company system which was accomplished via the transfer of all the outstanding stock of Raytheon Aircraft Company from Raytheon Company to Raytheon Aircraft Holdings, Inc.

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. Applicant has requested an exemption from the acquisition and approval requirements of the Kansas Insurance Holding Companies Act under K.S.A. 40-3304(e).
3. Raytheon Company, a Delaware corporation, is the ultimate controlling person in the holding company system.
4. Raytheon Company owns 100% of the outstanding stock of Raytheon Aircraft Holdings, Inc., a Delaware corporation.
5. Raytheon Company previously owned 100% of the outstanding stock of Raytheon Aircraft Company, a Kansas corporation.
6. Raytheon Aircraft Company owns all of the outstanding stock, except for the Directors' qualifying shares, of Travel Air Insurance Company, Ltd., a Kansas aircraft captive insurance company.
7. Travel Air Insurance Company, Ltd. owns all of the outstanding stock, except for the Directors' qualifying shares, of Travel Air Insurance Company (Kansas), a Kansas property and casualty insurance company.
8. Applicant reorganized the insurance holding company system on March 31, 1999.

9. On March 31, 1999, Raytheon Company transferred 100% of the outstanding stock of Raytheon Aircraft Company to Raytheon Aircraft Holdings, Inc. The transfer was accomplished by an assignment of the stock to Raytheon Aircraft Holdings, Inc. for capitalization purposes. Raytheon Aircraft Holdings, Inc. paid no consideration for the stock.

10. Raytheon Company should have requested an exemption order from the acquisition and approval requirements under K.S.A. 40-3304(e) before it transferred 100% of the outstanding stock of Raytheon Aircraft Company to Raytheon Aircraft Holdings, Inc.

11. Both before and after the transfer of the stock, Raytheon Company has remained the ultimate controlling person in the insurance holding company system.

12. Both before and after the transfer of the stock, Raytheon Aircraft Company owned and continues to own all of the outstanding stock, except for the Directors' qualifying shares, of Travel Air Insurance Company, Ltd.

13. Both before and after the transfer of the stock, Travel Air Insurance Company, Ltd. owned and continues to own all of the outstanding stock, except for the Directors' qualifying shares, of Travel Air Insurance Company (Kansas).

CONCLUSIONS OF LAW

14. K.S.A. 1998 Supp. 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;...

15. Based upon the information enumerated in the Findings of Fact contained in paragraphs one through thirteen above, and the representations of the Raytheon Company, the transfer of all of the outstanding stock of Raytheon Aircraft Company from Raytheon Company to Raytheon Aircraft Holdings, Inc. was not made for the purpose of and did 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 domestic insurers.

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

1. Raytheon Company shall be exempt from the application of the formal filing and approval requirements of K.S.A. 40-3304 as it may be deemed to apply to the transfer of all of the outstanding stock of Raytheon Aircraft Company from Raytheon Company to Raytheon Aircraft Holdings, Inc.

2. Raytheon Company shall comply with K.S.A. 40-3304 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.

**IT IS SO ORDERED THIS 25th DAY OF JUNE 1999, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.**



/s/ Kathleen Sebelius
Kathleen Sebelius
Commissioner of Insurance

By: /s/ Kathy Greenlee
Kathy Greenlee.
General Counsel