

STATE OF INDIANA) BEFORE THE COMMISSIONER OF THE
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COUNTY OF MARION) INDIANA DEPARTMENT OF
INSURANCE

IN RE THE PROPOSED ACQUISITION OF CONTROL OF:

INFINITY SECURITY INSURANCE COMPANY

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TRANSVERSE SPECIALTY INSURANCE COMPANY

**FINDINGS OF FACT,
CONCLUSIONS OF LAW AND FINAL ORDER**

The proposed acquisition of control of Infinity Security Insurance Company (the “Domestic Insurer” or “Infinity Security”), by Transverse Specialty Insurance Company (the “Applicant” or “Transverse Specialty”), came before Amy L. Beard, Commissioner (the “Commissioner”) of the Indiana Department of Insurance, at a public hearing (the “Hearing”) on July 14, 2022, commencing at approximately 1:00 p.m. in the offices of the Indiana Department of Insurance (the “Department”), 311 West Washington Street, Indianapolis, Indiana.

After considering all the evidence and arguments, and being fully advised, the Commissioner hereby enters the following Findings of Fact, Conclusions of Law and Order:

Findings of Fact

The Parties

1. Infinity Security is a “domestic insurer” as that term is defined in Indiana Code § 27-1-23-1(g) and used in Indiana Code § 27-1-23-2, with its home office located at 500 East 96th Street, Suite 100, Indianapolis, Indiana 46240.
2. Transverse Specialty is a Texas-domiciled stock insurance company that will directly own 100% of the voting securities of the Domestic Insurer after closing. Transverse Specialty is a program carrier that partners with reinsurers and managing general agents, general agents and brokers to provide a broad range of nonadmitted and admitted solutions for commercial and personal lines of insurance.

3. Transverse Insurance Group, LLC ("TIG") is a limited liability company formed under the laws of Delaware for the purpose of being an insurance holding company that would acquire and hold the stock of one or more insurance companies. TIG is the 100% direct parent entity of Transverse Specialty.
4. Jesse Watson ("Mr. Watson") is the ultimate controlling person of Transverse Specialty. Mr. Watson is the sole member and ultimate controlling person of Virgo Societas Partners IV, LLC and Virgo Agency Services, LLC, which own 100% voting control of TIG's immediate parent companies.
5. The Applicant is an "acquiring party" as that term is defined in Indiana Code § 27-1-23-1(a) and used in Indiana Code § 27-1-23-2.

Procedural History

6. On May 10, 2022, the Applicant filed a Form A Statement regarding the proposed acquisition of control of the Domestic Insurer, together with exhibits, with the Commissioner.
7. On May 10, 2022, the Applicant also filed three Form Ds under Item 5 of the Form A Statement with respect to the following proposed affiliate agreements to be entered into with the Domestic Insurer as soon as practicable after closing: (i) Services Agreement, (ii) Tax Sharing Agreement, and (iii) Pooling Agreement.
8. The Applicant seeks non-disapproval of the Form Ds described in paragraph 7 above.
9. On June 24, 2022, the Department sent questions and requests for additional information to the Applicant and the Domestic Insurer.
10. The Applicant and the Domestic Insurer submitted responses to these questions and requests for additional information to the Department on June 28, 2022.
11. On July 12, 2022, the Applicant submitted additional support relating to its request for confidentiality with respect to certain financial information submitted with its Form A Statement that the Department initially denied confidential treatment.
12. On July 13, 2022, the Department sent a response to this additional support.
13. The Form A Statement, as supplemented by the Applicant and the Domestic Insurer's responses to the Department's questions and requests for additional information (the "Form A Statement"), is in compliance with and satisfies the requirements of Indiana Code § 27-1-23-2 and the regulations promulgated thereunder.

14. At the Hearing, the Applicant confirmed there had been no material change in the facts set forth in the Form A Statement as filed with the Commissioner and as subsequently supplemented.
15. The Applicant delivered copies of the Form A Statement to the Domestic Insurer in accordance with Indiana Code § 27-1-23-2(a).
16. Pursuant to Indiana Code § 27-1-23-2(h), and upon agreement of all of the parties, the Commissioner set the date of the public Hearing to consider the proposed acquisition of control of the Domestic Insurer for July 14, 2022.
17. The Domestic Insurer and the Applicant each provided Waivers of Prior Written Notice of the Hearing required by Indiana Code § 27-1-23-2(h).
18. Pursuant to Indiana Code § 27-1-23-2(i), the Commissioner provided public notice of the Hearing by publishing such notice on July 7, 2022, in the *Indianapolis Star*, a newspaper of general circulation in Indianapolis, Indiana, the location of the principal offices of the Domestic Insurer. The public notice given by the Commissioner was adequate and consistent with the requirements of Indiana Code § 27-1-23-2(i).
19. Pursuant to Indiana Code § 27-1-23-2(j), the Commissioner retained outside counsel in connection with the Form A proceeding and Hearing. The Applicant has agreed to pay all of the Commissioner's expenses as required by Indiana Code § 27-1-23-2(j), including, but not limited to, attorneys' fees and costs.

The Hearing

20. Consistent with Indiana Code § 27-1-23-2(k), all interested parties participating in the Hearing were provided the opportunity to present evidence, examine witnesses, and/or offer arguments.
21. The Applicant submitted evidence at the Hearing, including oral testimony and exhibits identified and admitted into evidence at the Hearing, a list of which is attached hereto as Exhibit A.
22. No objection was made at the Hearing or otherwise to the proposed acquisition of control of the Domestic Insurer by the Applicant.

The Proposed Acquisition

23. Pursuant to a Share Purchase Agreement between Transverse Specialty and Infinity Insurance Company, an Indiana-domiciled stock insurance company (the "Seller"), dated as of April 29, 2022 (the "Share Purchase Agreement"), Transverse Specialty will acquire 100% of the issued and outstanding stock of the Domestic Insurer from the Seller (the "Proposed Acquisition").
24. As described in the Share Purchase Agreement, Transverse Specialty will acquire all issued and outstanding capital stock of the Domestic Insurer and its

active licenses for a total purchase price equal to the Adjusted Capital and Surplus (as defined in the Share Purchase Agreement) determined as of the closing date, plus (b) additional cash compensation.

25. No part of the consideration for the Proposed Acquisition involves borrowed funds, and no part of the consideration is to be obtained from or financed by an affiliate of the Applicant.
26. The terms and conditions of the Proposed Acquisition were determined through arm's length negotiation.

Future Plans for the Domestic Insurer

27. Except as otherwise provided in the Form A Statement, the Applicant does not have any plans or proposals to cause the Domestic Insurer to pay any extraordinary dividends, to liquidate the Domestic Insurer, to sell any of its assets, to merge or consolidate the Domestic Insurer with any person or persons, to make any other material change in its business operations or corporate structure or management, or to cause the Domestic Insurer to enter into material agreements, arrangements, or transactions of any kind with any affiliated party.
28. The Domestic Insurer intends to redomesticate from the State of Indiana to the State of Texas and will begin the process as soon as practicable following the Proposed Acquisition.

Competitive Impact

29. The Proposed Acquisition meets the exemption standards set forth in Indiana Code § 27-1-23-2.5(c)(5) because immediately following the Proposed Acquisition, each of the following apply: (a) in no market would the combined market share of the involved insurers exceed 5% of the total market; or (b) in no market would the combined market share of the involved insurers: (i) exceed 12% of the total market; or (ii) increase by more than 2% of the total market.
30. Accordingly, the Proposed Acquisition meets the exemption standards set forth in Indiana Code § 27-1-23-2.5(c)(5)(A) and (C), and therefore, the effect of the acquisition of control of the Domestic Insurer by the Applicant will not be to substantially lessen competition in any line of insurance business in any section of Indiana or tend to create a monopoly therein.

Conclusions of Law

Proposed Acquisition

1. The acquisition of control of the Domestic Insurer by the Applicant would not tend to adversely affect the contractual obligations of the Domestic Insurer or its ability and tendency to render service in the future to its policyholders and the public. I.C. § 27-1-23-2(f)(1).

2. The effect of the acquisition of control of the Domestic Insurer would not be substantially to lessen competition in any line of insurance business in any section of the State of Indiana or tend to create a monopoly therein. I.C. § 27-1-23-2(f)(2).
3. The financial condition of the Applicant is not such as might jeopardize the financial stability of the Domestic Insurer or of any corporation controlling the Domestic Insurer, or prejudice the interests of its policyholders. I.C. § 27-1-23-2(f)(3).
4. The Applicant does not currently have any plans or proposals to liquidate the Domestic Insurer or any such controlling corporation, sell its assets or consolidate or merge the Domestic Insurer with any person. The plans or proposals which the Applicant has to make any other material change in the Domestic Insurer's investment policy, business, corporate structure, or management are fair and reasonable to policyholders of the Domestic Insurer and in the public interest. I.C. § 27-1-23-2(f)(4).
5. The competence, experience and integrity of those persons who would control the operation of the Domestic Insurer are such that the acquisition of control would not tend to adversely affect the general capacity or intention of the Domestic Insurer to transact the business of insurance in a safe and prudent manner. I.C. § 27-1-23-2(f)(5).
6. The Form A Statement is properly supported by the required documents and meets all of the requirements of law for its approval.
7. The Form D statements described in paragraph 7 above are not disapproved.

ORDER

IT IS THEREFORE ORDERED THAT:

The Proposed Acquisition, pursuant and subject to the terms and conditions of the Form A Statement and these Findings of Fact and Conclusions of Law, is hereby approved, subject to the conditions set forth below.

It is FURTHER ORDERED that:

1. The director residency requirement set forth in Indiana Code § 27-1-7-11 shall continue to apply to the Domestic Insurer until its completed and effective redomestication to the State of Texas.
2. The Applicant is directed to provide the Department with written notice of the approval by the Texas Department of Insurance of the Domestic Insurer's redomestication to the State of Texas promptly (but in any event within five

(5) business days following the approval by the Texas Department of Insurance).

3. As soon as reasonably practicable after the date of this Order, third party verification reports (“TPVRs”) shall be provided to the Department for the biographical affidavits of those directors and executive officers of the Applicant for whom TPVRs have not yet been delivered to the Department as of the date hereof.

Based upon the information disclosed in the TPVRs, the Department reserves the right to challenge any such person’s service as a director or officer with the Applicant and/or the Domestic Insurer (or any affiliate thereof), under the Indiana insurance laws and regulations.

4. The Applicant is directed to provide the Department with written notice of the closing of the Proposed Acquisition promptly (but in any event within five (5) business days) following the closing date.



Amy L. Beard, Commissioner
Indiana Department of Insurance

Dated this [19]th day of July, 2022

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