

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF INSURANCE, SECURITIES AND BANKING**

In Re: Amalgamated Casualty )  
Insurance Company Amended and )  
Restated Application for Approval of a )  
Plan of Conversion )  
 )  
And )  
 )  
In Re: Form A Statement Regarding )  
the Acquisition of Control of )  
Amalgamated Casualty Insurance )  
Company Filed on Behalf of )  
Mutual Capital Investment Fund, LP )  
 )  
 )

**DECISION AND ORDER**

**Jurisdiction**

This Decision and Order by the Commissioner of the District of Columbia Department of Insurance, Securities and Banking (the “Department”) relates to three proposed transactions detailed in the Summary of Transactions below for which approval by the Commissioner for each transaction is statutorily required.

First, the Commissioner has jurisdiction to consider the proposed Amended and Restated Plan of Conversion of Amalgamated Casualty Investment Company (the “Applicant” or “Amalgamated”), a mutual insurance company domiciled in the District of Columbia, pursuant to the Insurance Demutualization Act of 1996, effective May 24, 1996 (D.C. Law 11-126; D.C. Official Code § 31-901 *et seq.*) (the “Demutualization Act” or “Act”),<sup>1</sup> and section 10 of the

---

<sup>1</sup> Throughout this Decision and Order, all statutory citations will be to the Demutualization Act as codified in Chapter 9 of Title 31 of the D.C. Official Code unless otherwise noted.

District of Columbia Administrative Procedures Act, approved October 21, 1968 (82 Stat. 1208; D.C. Official Code § 2-509) (the “Administrative Procedure Act”).

Second, the Commissioner has jurisdiction to consider the proposed acquisition of control of Amalgamated by Mutual Capital Insurance Fund, LP, a newly formed private equity limited partnership ultimately controlled by Mutual Capital Group, Inc., pursuant to the Holding Company System Act of 1993, effective October 21, 1993 (D.C. Law 10-44; D.C. Official Code § 31-701 *et seq.* (2001)) (the “Holding Company Act”), and the Administrative Procedure Act, effective October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*).

Finally, the Commissioner has jurisdiction to consider Amalgamated’s proposal to declare and pay any dividend in excess of the lesser of ten percent (10%) of an insurer’s surplus as regards policyholders as of the 31st day of December next preceding, or the insurer’s net income not including realized capital gains for the 12-month period ending the 31st day of December next preceding (an “Extraordinary Dividend”), pursuant to D.C. Official Code § 31-706(b), section 7(b) of the Holding Company Act.

All non-confidential Exhibits identified in this Decision and Order are available for review at the following public document site created by the Department (the “Document Site”):

<https://disb.dc.gov/page/review-amalgamated-casualty-insurance-company%E2%80%99s-plan-demutualization>.

### **Summary of Transactions**

The three distinct transactions that are the subject of this Decision and Order are summarized below.

Pursuant to the Demutualization Act and the proposed Amended and Restated Plan of Conversion (the “Amended Plan”), the Applicant proposes to convert from a mutual insurance

company to a stock insurance company. As proposed, such conversion (the “Demutualization”) would involve the following:

- (a) Amalgamated would convert from a mutual insurance company into a stock insurance company through an amendment to its Articles of Incorporation.
- (b) A new stock holding company named Forge Group, Inc. (“HoldCo”) has been formed to serve as the sole shareholder and immediate parent corporation of Amalgamated after Amalgamated is converted to a stock company form.
- (c) HoldCo will engage in offerings of its common stock (collectively, the “Offering”):
  - (1) In a subscription rights offering to:
    - (i) Persons who were policyholders of Amalgamated on February 3, 2021, the date the Board of Trustees approved Amalgamated’s conversion to a stock corporation (collectively, “Eligible Members”), and an Employee Stock Ownership Plan sponsored by Amalgamated (“ESOP”); and
    - (ii) Amalgamated’s trustees, officers and other employees at the same per share price offered to the Eligible Members and ESOP to the extent the Eligible Members and ESOP do not fully subscribe to the shares of authorized HoldCo common stock to be issued; and
  - (2) In a public offering to other investors at the same per share price contained in the subscription rights offering to the extent the Eligible Members, ESOP, trustees, officers and employees do not in the aggregate fully subscribe to the shares of authorized HoldCo common stock to be issued;

such that after the Offering has been completed HoldCo will be owned by multiple shareholders.

- (d) HoldCo would purchase and own 100% of the capital stock of Amalgamated.

Additionally, in connection with the Demutualization of the Applicant, HoldCo would acquire all of the outstanding capital stock of American Risk Management, Inc. (“ARM”). ARM’s parent company, MCW Holding, Inc. (“MCW”), is currently reported as the ultimate controlling person of the Applicant because ARM is regarded as the controlling producer of Amalgamated pursuant to D.C. Official Code §§ 31-401 *et. seq.* As a result of HoldCo’s acquisition of ARM, both Amalgamated and ARM would become wholly owned by HoldCo and would both operate as affiliates under a common insurance holding company system over which, as a consequence of the likely outcome of the Offering described below, several persons are anticipated to hold presumptive control, and each would become an ultimate controlling person under the Holding Company Act and the regulations thereunder.

The Amended Plan grants subscription rights to purchase shares of the common stock of HoldCo in the following priorities:

- a. Eligible Members: The Eligible Members would receive, without payment, subscription rights to purchase the common stock of HoldCo up to the maximum of the offering range. Each Eligible Member would have the right to purchase up to 25,000 shares of common stock of HoldCo in his or her capacity as an Eligible Member.
- b. ESOP: The ESOP would receive, without payment, subscription rights to purchase a number of shares of common stock of HoldCo equal to 9.9% of the total number of shares of common stock to be issued in the Offering. The ESOP

would purchase 9.9% of the total, even in the event of an oversubscription by Eligible Members.

- c. Trustees, Officers and Employees: Each trustee, officer and employee of the Applicant would receive, without payment, subscription rights to purchase up to 25,000 shares of common stock sold in the Offering. Those subscription rights would be exercised only to the extent that there are shares of common stock remaining after satisfying the subscriptions of the Eligible Members and the ESOP. A trustee, officer, or employee who is also an Eligible Member of the Applicant would be deemed to purchase shares first in his or her capacity as a member.

If all of the shares of HoldCo are not subscribed for by the Eligible Members, the ESOP and the trustees, officers and employees of Amalgamated, then HoldCo would offer all remaining shares of common stock in a public offering. Currently, several significant investors have committed to purchase substantial amounts of Holdco stock in the contemplated public offering as further described below. One such investor, Mutual Capital Investment Fund, LP, (“MCIF”), a newly formed private equity limited partnership ultimately controlled by Mutual Capital Group, Inc. (“MCG”), has committed to acquire greater than twenty percent (20%) of the total voting shares of HoldCo in the Offering. Pursuant to D.C. Official Code § 31-703, MCIF has submitted a Form A Statement Regarding the Acquisition of Control of Amalgamated seeking approval from the Commissioner of MCIF’s purchase of more than ten percent (10%) of HoldCo’s voting securities.

### **Procedural History**

On February 3, 2021, the Board of Trustees of the Applicant unanimously approved and adopted the Plan of Conversion at a meeting duly called and held (“Original Plan”).

On February 12, 2021, the Applicant filed an Application for Approval of a Plan of Conversion (the “Original Application”) with the Department requesting approval of the Original Plan by the Commissioner of the Department, Karima M. Woods (the “Commissioner”). A copy of the Original Application with all exhibits and attachments thereto (including the Original Plan) are available at the Document Site and identified as Applicant Exhibit 1.

On March 29, 2021, the Commissioner retained Feldman Financial Advisors, Inc. (“Feldman”) pursuant to D.C. Official Code § 31-903(d) to review and evaluate the “Pro Forma Valuation Appraisal Report of Amalgamated Casualty Insurance Company as of December 30, 2020” from Boenning & Scattergood, Inc., the independent appraiser retained by Applicant (“Boenning”) included as Exhibit V of the Original Application (the “Boenning Valuation Appraisal Report”).

On June 22, 2021, the Commissioner retained Faegre Drinker Biddle & Reath LLP pursuant to D.C. Official Code § 31-903(d) to review the Application and Original Plan and advise the Department on compliance with the legal requirements under the Demutualization Act.

On August 3, 2021, the Commissioner delivered to the Applicant “Interrogatories and Document Request to Amalgamated Casualty Insurance Company” (the “Interrogatories”) regarding the Original Plan. A copy of the Interrogatories is available at the Document Site and identified as Department Exhibit 1.

On August 12, 2021, the Applicant delivered to the Department a written “Response from Amalgamated Casualty Insurance Company (“Amalgamated”) to the August 3, 2021, Initial Interrogatories and Document Requests” (the “Interrogatory Responses”). Documents accompanying the Interrogatory Responses included: Current Articles and Bylaws of Amalgamated; Applicant’s Certificate of Authority from the District of Columbia; Report of Examination of Amalgamated as of December 31, 2018; Form D Filings by MCW Holdings, Inc. on behalf of Amalgamated for 2017 and 2019; Form A Statement by MCW Holdings, Inc., dated August 5, 2011, with respect to its acquisition of control of Amalgamated, and related documents; Nonexclusive Agency Agreement and Cost Sharing Agreement between Amalgamated and ARM; Copy of the SEC Form 1-A regarding Amalgamated; A copy of the comments by the SEC (including any declaration by the SEC that it has no further comments) on the offering statement Amalgamated filed on May 25, 2021 with the SEC, and Amalgamated’s response thereto; Letter by Johnson Lambert LLP to the Department regarding Material Weakness regarding Amalgamated as of December 31, 2020; Copies of the minutes of the February 3, 2021 Board of Trustees meeting approving the Original Plan; Copies of Amalgamated’s Standard Form of General Proxies; Updated business plan and pro forma financials from the last 2 years for Amalgamated; Copies of Amalgamated’s GAAP Audited Financials for the year-end 2019 and 2020; Copies of the actuarial report of Amalgamated (detailed analysis) for year-end 2020 and 2019; Stock incentive plan adopted by HoldCo; and Updated Organization Chart of Applicant Post-Demutualization. Copies of the Interrogatory Responses and all accompanying documents identified above are available at the Document Site and identified as Applicant Exhibit 2.

On August 14, 2021, Jeffery Waldron of the Griffin Financial Group, acting on behalf of the applicant, provided the Department with the Applicant's June 30, 2021 GAAP financial statements, a copy of which is available at the Document Site and identified as Applicant Exhibit 3.

On August 27, 2021, the Commissioner replied to the Interrogatory Responses, noting follow-up inquiries on specific responses provided by the Applicant ("Follow-Up Interrogatories"). A copy of the Follow-Up Interrogatories is available at the Document Site and identified as Department Exhibit 2.

On September 10, 2021, the Applicant provided an initial response to the Follow-Up Interrogatories (the "Follow-Up Responses"). As part of the Follow-Up Responses, the Applicant provided a Ten-Year Business Plan as Adopted by Amalgamated's Board of Trustees; a Memorandum prepared by Stevens & Lee regarding an Analysis of Proxy and Policyholder Meeting Process; and a Summary of Boenning's Demutualization Experience. Copies of the Follow-Up Responses and all accompanying documents identified above are available at the Document Site and identified as Applicant Exhibit 4.

On September 15, 2021, as requested by the Department in order to evaluate the Applicant's request for approval under Section 31-906(1) of the Demutualization Act for certain persons to acquire more than five percent (5%) of the capital stock of HoldCo, Patrick Bracewell, Joseph Bracewell, MCW, MCW Investment Holdings, LP, and Bracewell Trustar Investment Partnership filed information with the Department consistent with the information that would be provided under a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer pursuant to D.C. Official Code § 31-703, a copy of which is available at the Document Site and identified as Applicant Exhibit 5.



On September 17, 2021, as requested by the Department in order to evaluate the Applicant's request for approval under D.C. Official Code § 31-906(l) for certain persons to acquire more than five percent (5%) of the capital stock of HoldCo, the Roumell Opportunistic Value Fund filed information with the Department consistent with the information that would be provided under a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer pursuant to D.C. Official Code § 31-703, a copy of which is available at the Document Site and identified as Applicant Exhibit 6.

On September 17, 2021, the Applicant also submitted an Updated Pro Forma Valuation Appraisal Report by Boenning and a Board of Trustees Memorandum Regarding Appraisal Update in response to the Interrogatories, copies of which are available at the Document Site and identified as Applicant Exhibit 7 and Applicant Exhibit 8, respectively.

From September 20 through October 7, 2021, representatives of the Applicant and the Department discussed the Original Plan, the Original Application, the Interrogatory Responses, the Follow-Up Responses and various concerns from the Department about the Original Plan that would require the Applicant to provide additional legal support, or make modifications to the Original Plan to meet the approval standards under the Demutualization Act.

On September 25, 2021, the Applicant submitted a Memorandum Regarding Quorum Requirements, as well as Proposed Amendments to the Applicant's Bylaws, copies of which are available at the Document Site and identified as Applicant Exhibit 9 and Applicant Exhibit 10, respectively. The Proposed Amendments to the Applicant's Bylaws proposed permitting members to vote by internet or telephone and reducing the quorum requirements from a majority of members represented in person or by proxy, to 25 percent of the members represented in person or by proxy

On October 8, 2021, the Department and the Applicant convened again to discuss the Department's remaining concerns with the Original Plan. The Department raised concerns that the Original Plan did not appear to satisfy all of the requirements under the Demutualization Act for the Commissioner's approval, including:

- A. The subscription rights being granted to the Applicant's Eligible Members and others were rights to acquire shares of common stock of HoldCo, which is permitted under D.C. Official Code § 31-906(e)(1) to the extent that HoldCo was formed by Applicant for "the purpose of purchasing and holding all the stock of" Applicant after it is converted to a stock company; however, the Original Plan provided that HoldCo would not purchase Applicant's newly authorized shares upon its conversion, but rather would receive such shares gratis without paying Amalgamated any consideration for its shares.
- B. The Original Plan provided Eligible Members with certain redemption rights that provided a default payment to such Eligible Members that did not exercise their subscription rights granted under the Original Plan; however, the Original Plan's methodology for valuing the subscription rights in order to determine the dollar amount of the default redemption rights payment to the Applicant's members did not assign any value to the Eligible Members' current economic interests as members of Amalgamated, which is a well-capitalized mutual insurer with significant surplus on a statutory and GAAP basis.
- C. The Applicant is, and has consistently conducted itself as, governed by the District of Columbia Business Corporation Act (Chapter 3 of Title 18 of the District of Columbia Code), which contains minimum standards for corporate authorization

and approval of certain transactions that the Original Plan appeared not to satisfy.

Following the October 8, 2021, discussion, the Department and the Applicant arrived at a mutual understanding of the Department's concerns regarding the Original Plan and demutualization.

On October 21, 2021, the Applicant submitted a Final Resolution of Regulatory Review: Value of Membership Interest (the "Final Resolution") in response to the Department's concerns regarding the methodology used to evaluate the Eligible Members' current economic interest in Amalgamated. The Final Resolution discussed additional methodologies and likely financial outcomes that could alternatively be used in analyzing the Eligible Members' economic interest in the Applicant as mutual company members. The Final Resolution included a range of values that the Applicant believed could be distributed to the Applicant's Eligible Members based on the different methodologies employed. A copy of the Final Resolution is available at the Document Site and identified as Applicant Exhibit 11.

On November 3, 2021, the Applicant and the Department reached an agreement in principle as to the necessary modifications and amendments to the Original Plan that would address the Department's concerns, and Applicant agreed to submit an amended and restated application and amended plan of conversion containing such modifications and amendments.

On November 6, 2021, the Applicant notified the Department of an anticipated additional modification to the Original Plan, specifically that MCIF was committing to purchase up to 550,000 shares of HoldCo's common stock, which would represent approximately 22.4% of the outstanding shares of HoldCo's capital stock (measured at the midpoint of the Offering range). The Applicant acknowledged that MCIF's contemplated acquisition would be subject to

Department approval under D.C. Official Code § 31-906(1) for persons or entities acquiring more than five percent (5%) of the voting securities issued in a Demutualization, and would also require MCIF and its ultimate controlling persons to file for approval a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer pursuant to D.C. Official Code § 31-703.

On November 10, 2021, the Applicant submitted to the Department the following documentation:

- A. An undated and unsigned Amended and Restated Plan of Conversion of Amalgamated Casualty Insurance Company (the “Amended Plan”) that Applicant represented had been unanimously approved by the Applicant’s Board of Trustees on November 9, 2021;
- B. Proposed Amendments to Applicant’s Bylaws purporting to permit members of the Applicant to vote at a meeting of Applicant’s members by “a telegram, telex, cablegram, datagram, e-mail, Internet communication or other means of electronic transmission from a Policyholder or his or her attorney-in-fact, or a photographic, facsimile or similar reproduction of a writing executed by a Policyholder or his or her attorney-in-fact” to the fullest extent permitted by law;
- C. Proposed resolutions from the Board of HoldCo authorizing (1) the subscription offering and the public offering of its shares pursuant to the Applicant’s Amended Plan, (2) an amendment to the Articles of Incorporation of HoldCo to change its name to Forge Group, Inc., (3) such further actions by and through HoldCo’s officers and others as necessary or appropriate to effectuate the public offering of its shares pursuant to the Applicant’s Amended Plan; and

D. Proposed Bylaws of HoldCo

Copies of the Applicant's November 10, 2021, submissions to the Department are available at the Document Site and identified as Applicant Exhibit 12.

On November 23, 2021, the Applicant submitted a "Pro Forma Valuation Appraisal Update of Amalgamated Casualty Insurance Company as of October 15, 2021" from Boenning (the "Updated Boenning Valuation Appraisal Report") that the Department delivered to Feldman for review and evaluation. A copy of the Updated Boenning Valuation Appraisal Report is available at the Document Site and identified as Applicant Exhibit 13.

On November 24, 2021, MCIF filed for approval a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer pursuant to D.C. Official Code § 31-703 in connection with MCIF's proposed acquisition of greater than 20% of HoldCo's voting securities in accordance with the Amended Plan (the "MCIF Form A Statement"). A copy of the MCIF Form A Statement (with all non-confidential attachments and exhibits) is available at the Document Site and identified as MCIF Exhibit 1.

On December 2, 2021, the Department requested additional financial information from Applicant to assist Feldman's review of the Updated Boenning Valuation Appraisal Report to which Applicant responded the same day. The Department also informed MCIF that MCG is considered the ultimate parent of MCIF and Mutual Capital Investment Advisors, LLC, a Delaware limited liability company ("MCIA") that will provide all day-to-day operational support for MCIF, under the Holding Company Act. The Department requested the identity of those owning ten percent (10%) or more of MCG and MCIA, and the notarized Biographical Affidavits and third-party background check reports for Jason Wolfe and Jay Chadwick.

On December 7, 2021, MCIA provided the Department with notarized Biographical Affidavits for Jason Wolfe and Jay Chadwick, which are confidential and non-public. MCIA informed the Department that MCG is a mutual holding company and therefore has no shareholders. Additionally, MCIF informed the Department that MCG owns one hundred percent (100%) of MCIA.

On December 8, 2021, the Department requested an amended Application be filed containing a final as adopted Amended Plan as well as the modifications previously agreed upon, including:

- A. The new name of HoldCo whose stock will be issued pursuant to the Amended Plan, represented to be Forge Group, Inc.;
- B. The removal of the contemplated default redemption rights in exchange for a \$7.3 million extraordinary dividend to be distributed to the Eligible Members;
- C. The number of shares which the Applicant's Eligible Members, trustees, officers, and employees may purchase in the subscription offering;
- D. The proceeds from HoldCo's Offering would be contributed to Amalgamated to purchase Amalgamated's newly authorized shares of common stock;
- E. Applicant's commitments related to approval of the Amended Plan by Eligible Members:
  - 1) Not to rely on the General Proxies for any purpose in seeking approval of the Amended Plan from the Eligible Members;
  - 2) To require a majority of Eligible Members to be present at the member meeting (by proxy, in person or by electronic means) at which the Amended Plan will be considered by the Eligible Members;

- 3) To require a vote from a majority of such Eligible Members present in favor of the Amended Plan;
- F. A specific request under D.C. Official Code § 31-906(l) for MCG, acting through MCIF to acquire more than five percent (5%) of HoldCo's voting securities;
  - G. A specific request under D.C. Official Code § 31-706(b) for Applicant to declare and pay to its Eligible Members a \$7.3 million extraordinary dividend;
  - H. Acknowledgements that:
    - 1) MCIF's acquisition of the HoldCo voting securities as contemplated under the Amended Plan is subject to the Commissioner's approval of the MCIF Form A Statement that MCIF filed with the Department under the Holding Company Act, and
    - 2) MCG will be an ultimate controlling party of Applicant after consummation of the Amended Plan and the Offering and will be subject to, and will comply with, Holding Company Act requirements;
  - I. Amended Bylaws for HoldCo reflecting, among other things, the new name of HoldCo;
  - J. A modified Notice to Members reflecting the changes set forth in the Amended Plan; and
  - K. A modified Proxy Statement to remove reference to Redemption Rights and to include detail regarding the \$7.3M dividend and other changes.

On December 13, 2021, Applicant filed its "Amended and Restated Application for Approval of a Plan of Conversion" (the "Amended Application"), with the following revised documentation attached as exhibits:

- Exhibit I: Amended Plan (as adopted by the Applicant's Board)
- Exhibit II: Organizational Chart (after Demutualization)
- Exhibit VII: Articles of Incorporation and Bylaws for Forge Group, Inc. (HoldCo)
- Exhibit VIII: Roster of Trustees and Officers
- Exhibit IX: Proxy Statement and Proxy
- Exhibit X: Notice to Post-Adoption Policyholders

A copy of the Amended Application with all the above referenced exhibits is available at the Document Site and identified as Applicant Exhibit 14.

On December 13, 2021, MCIF submitted to the Department the following additional information as requested in response to the Form A Information Request:

- A. A list of the directors and executive officers of MCG;
- B. Audited Financial Statements for MCG (formerly known as Tuscarora Wayne Mutual Group, Inc.) for each of the most recent five year-ends (e.g., 2016-2020);
- C. Internal control letters for MCG's three principal subsidiaries (Tuscarora Wayne Insurance Company, Lebanon Valley Insurance Company and Keystone National Insurance Company) for each of the most recent five year-ends (e.g., 2016-2020);
- D. "Amalgamated Specialty Group Holdings, Inc. 2021 Stock Incentive Plan," as previously provided to the Department on August 12, 2021, as part of Applicant's Interrogatory Responses; and
- E. Applicant's Ten-Year Business Plan as Adopted by Amalgamated's Board of Trustees as Applicant previously provided to the Department on September 10, 2021 as part of the Follow-Up Responses.



Copies of the above initial responses from MCIF to the Department's Form A Information Request are available at the Document Site and identified as MCIF Exhibit 2.

On December 14, 2021, MCIF submitted to the Department the notarized Biographical Affidavits for MCG's directors and executive officers, except that for Jay Chadwick. Also, MCIF submitted the background check reports of the directors and executive officers that get updated every five years.

On December 17, 2021, MCIF submitted to the Department the unaudited September 30, 2021, financial statement of MCG in response to the Form A Information Request, a copy of which is available at the Document Site and identified as MCIF Exhibit 3.

On December 17, 2021, Applicant also submitted the preliminary offering statement as filed with the SEC on December 17, 2021, which contained the updated June 30, 2021 financial data and reflects the changes set forth in the Amended Plan and Amended Application. A copy of the December 17, 2021, preliminary offering statement as filed with the SEC (including all attachments thereto) is available at the Document Site and identified as Applicant Exhibit 15.

On December 18, 2021, Applicant submitted to the Department the November 9, 2021, resolutions from the Applicant's Board of Trustees approving the Amended Plan as requested earlier the same day by the Department. A copy of the resolutions is available at the Document Site and identified as Applicant Exhibit 16.

On December 22, 2021, Feldman delivered to the Department its "Review of the Allocation of Subscription Rights and the Conversion Valuation Appraisal" for Applicant, a copy of which is available at the Document Site and identified as Department Exhibit 3.

The Commissioner, in her discretion, determined that public hearings on the Amended Application and Amended Plan as provided under D.C. Official Code § 31-903(a-1) and the MCIF Form A Statement as provided under D.C. Official Code § 31-703 were unnecessary.

**Issues Considered in Evaluating Approval Standards**

**I. Standards Applicable to Approval of Amended Plan**

The Demutualization Act authorizes a mutual company to convert to a stock company. To affect the conversion, the mutual company must comply with all applicable provisions of the Demutualization Act. D.C. Official Code § 31-903(a) states that the Commissioner shall approve the plan of conversion upon finding that:

- 1) The provisions of this section have been complied with;
- 2) The plan will not prejudice the interests of the members; and
- 3) The plan's method of allocating subscription rights is fair and equitable.

**Findings of Fact Related to Amended Plan**

After careful evaluation and analysis of the evidence, the Commissioner makes the following findings of fact:

- 1) The Applicant is a corporation organized and operating under the laws of the District of Columbia as a mutual insurance company.
- 2) The Applicant filed its Original Application on February 12, 2021, which included Applicant's Original Plan. A true and complete copy of the Original Application filed by the Applicant is identified in the record as Applicant Exhibit 1.
- 3) The Department and its consultants reviewed the Applicant's Original Application and Original Plan and requested additional information from the Applicant through Interrogatories and Follow-Up Interrogatories on August 3 and August 27, which

are part of the record as Department Exhibit 1 and Department Exhibit 2, respectively.

- 4) The Applicant submitted multiple responses to the Department's Interrogatories and Follow-Up Interrogatories on August 12, 14, 27, and September 10, 15, 17 and 25, all of which are part of the record as Applicant Exhibits 2-10.
- 5) The Applicant filed its Amended Application on December 13, 2021, which included an Amended Plan that made changes to the Original Plan as a result of substantive discussions between the Applicant and the Department's staff and consultants over the terms and conditions set forth in the Original Plan and Original Application. A true and complete copy of the Amended Application filed by the Applicant is identified in the record as Applicant Exhibit 14.
- 6) The Amended Plan was approved by the Applicant's Board of Trustees through resolutions unanimously adopted on November 9, 2021, a copy of which is in the record as Applicant Exhibit 16.
- 7) The Amended Application is supported by all of the following documentation in the record:
  - a. Applicant Exhibit 14 (Exhibit I): Amended Plan;
  - b. Applicant Exhibit 14 (Exhibit II): Organizational Chart (after Demutualization);
  - c. Applicant Exhibit 1 (Exhibit III): Fairness Opinion in connection with HoldCo's ARM acquisition (unchanged by Amended Plan);

- d. Applicant Exhibit 1 (Exhibit IV): Presentation by Griffin to the special committee of HoldCo's board in support of Fairness opinion in connection with HoldCo's ARM acquisition (unchanged by Amended Plan);
- e. Applicant Exhibit 13: Pro Forma Valuation Appraisal Update of Amalgamated Casualty Insurance Company as of October 15, 2021 from Boenning, (replacing and superseding Exhibit V under Applicant Exhibit 1);
- f. Applicant Exhibit 1 (Exhibit VI): Proposed forms of Articles of Incorporation and Bylaws for Applicant after Demutualization (unchanged by Amended Plan);
- g. Applicant Exhibit 14 (Exhibit VII): Articles of Incorporation and Bylaws for Forge Group, Inc. (HoldCo);
- h. Applicant Exhibit 14 (Exhibit VIII): Roster of Trustees and Officers;
- i. Applicant Exhibit 14 (Exhibit IX): Proxy Statement and Proxy;
- j. Applicant Exhibit 14 (Exhibit X): Notice to Post-Adoption Policyholders;
- k. Applicant Exhibit 15: Financial data reflecting the changes set forth in the Amended Plan and Amended Application included with the preliminary offering statement as filed with the SEC;
- l. Applicant Exhibit 16: Resolutions from Applicant's Board of Trustees approving Amended Plan;
- m. Applicant Exhibit 5: Information consistent with that provided under a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer pursuant to D.C. Official Code § 31-703 for approval under D.C. Official Code § 31-906(l) for Patrick Bracewell, Joseph Bracewell,

MCW , MCW Investment Holdings, LP, and Bracewell Trustar Investment Partnership to acquire more than five percent (5%) of the capital stock of HoldCo as part of the Demutualization;

- n. Applicant Exhibit 6: Information consistent with that provided under a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer pursuant to D.C. Official Code § 31-703 for approval under D.C. Official Code § 31-906(l) for the Roumell Opportunistic Value Fund to acquire more than five percent (5%) of the capital stock of HoldCo as part of the Demutualization; and
- o. MCIF Exhibits 1-3: A Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer pursuant to D.C. Official Code § 31-703 filed on behalf of MCIF to also support approval under D.C. Official Code § 31-906(l) for MCIF and its ultimate controlling person, MCG, to acquire more than five percent (5%) of the capital stock of HoldCo as part of the Demutualization.

8) The Amended Plan contained the following material changes from the Original Plan:

- A. Redemption Rights Payments to the Eligible Members totaling \$2.6M in lieu of subscription rights has been replaced with a \$7.3M dividend distribution to the Eligible Members and their continuing eligibility to exercise subscription rights;

- B. Existing general standing proxies from Eligible Members held by Applicant or its affiliates will not be used for any purposes in connection with securing the required approval of the Amended Plan from Eligible Members;
  - C. Approval of the Amended Plan by Eligible Members will require an affirmative vote by a majority of Eligible Members participating in person, by proxy or via other electronic means in a special meeting of the Eligible Members at which a quorum of at least a majority of Eligible Members participate in person, by proxy or via other electronic means.
- 9) The record relating to the Amended Application and Amended Plan as identified in these Findings of Fact contains sufficient documentation to permit the Commissioner to evaluate whether the Applicant has complied with D.C. Official Code § Section 31-903 in connection with the Amended Application and the Amended Plan.
- 10) Information submitted to the Department by the Applicant in connection with the Original Application and Original Plan not otherwise specifically identified as supporting the Amended Application and Amended Plan are not relevant to the evaluation of the Amended Application and Amended Plan and are included in the record only for purposes of identifying the material amendments contained in the Amended Application and Amended Plan.

### **Conclusion of Law Related to Amended Plan**

After careful evaluation of the evidence and the Findings of Fact, the Commissioner makes the following Conclusions of Law:

#### **The Provisions of D.C. Official Code § 31-903(a)(1) Have Been Satisfied.**

As required by D.C. Official Code § 31-903(a)(1), the Commissioner concludes that, subject to compliance with the Conditions and Undertakings section of this Decision and Order, the Applicant's Amended Plan complies with each of the provisions of D.C. Official Code § 31-903.

In this regard, the Commissioner has considered the following:

- 1) The Amended Application (Applicant Exhibit 14) as supported by all documentation in the record, including specifically and without limitation:
  - A. The Amended Plan as required by D.C. Official Code § 31-903(b)(1) (Exhibit I of Applicant Exhibit 14);
  - B. The Pro Forma Valuation Appraisal Update of Amalgamated Casualty Insurance Company as of October 15, 2021 from Boenning, an independent valuation expert, as required by D.C. Official Code § 31-903(b)(1) (Applicant Exhibit 13);
  - C. The form of member meeting notice required by D.C. Official Code § 31-904(b) for Eligible Members to vote on the Amended Plan (Exhibit IX of Applicant Exhibit 14) as required to be provided by D.C. Official Code § 31-903(b)(2);
  - D. The proxy statement and form of proxy to be used to solicit votes from Eligible Members as permitted by D.C. Official Code § 31-904(c) (Exhibit IX

- of Applicant Exhibit 14) as required to be provided by D.C. Official Code § 31-903(b)(3);
- E. The form of notice to members whose policies in Amalgamated were issued after February 3, 2021 and before the effective date of this Order, providing notice of their right to terminate their policies and receive a pro rata refund of any amounts paid for such policies (Exhibit X of Applicant Exhibit 14) as required by D.C. Official Code § 31-903(b)(4); and
  - F. The proposed Articles of Incorporation and Bylaws of Amalgamated as a converted stock insurance company (Exhibit VI of Applicant Exhibit 1) as required by D.C. Official Code § 31-903(b)(5).
- 2) As required by D.C. Official Code § 31-903(c), Section 14.04 of the Amended Plan requires that, among other things, after Eligible Members have approved the Amended Plan, Amalgamated shall file with the Commissioner:
- A. the minutes of the special meeting of the Eligible Members at which the Amended Plan is voted upon; and
  - B. the Amended & Restated Articles of Incorporation and Bylaws of Amalgamated as a converted stock insurance company.
- 3) The Applicant's Pro Forma Valuation Appraisal Update of Amalgamated Casualty Insurance Company as of October 15, 2021, was reviewed and validated by Feldman, an independent financial expert retained by the Department to perform such a review and advise the Department (Department Exhibit 3).
- 4) As described below, the Amended Plan satisfies, and is not inconsistent with, the requirements of D.C. Official Code § 31-903(a)(2) and (3).



**The Amended Plan of Conversion Does Not Prejudice the Interest of the Members. D.C. Code § 31-903(a)(2)**

As required by D.C. Official Code § 31-903(a)(2), the Commissioner concludes that, subject to compliance with the Conditions and Undertakings section of this Decision and Order, the Amended Plan will not prejudice the interests of the members. In reaching this conclusion, the Commissioner considered both the procedural rights and the economic rights inherent in the Eligible Members' mutual membership interests in Amalgamated.

*Mutual Membership Interest Procedural Rights*

- 1) The Applicant is a corporation organized and operating under the laws of the District of Columbia as a mutual insurance company.
- 2) As a mutual insurance company, the Applicant is subject to and governed by Title 31 of the District of Columbia Code generally, and the Demutualization Act specifically.
- 3) For corporate governance matters where Title 31 of the District of Columbia Code is silent, the Applicant has historically acknowledged and acted consistent with the legal requirements contained in Chapter 3 of Title 18 of the District of Columbia Code.
- 4) Among other things, Chapter 3 of Title 18 of the District of Columbia Code contains minimum procedural standards for corporate authorization and approval of certain material corporate transactions that either apply to a conversion under the Demutualization Act, or that must otherwise be followed to ensure that the Demutualization will not prejudice the interests of the members of the mutual insurance company.

- 5) With respect to the Eligible Members' procedural rights, the Commissioner recognizes that the rights of Eligible Members to vote on the Demutualization as contemplated by the Amended Plan is fundamental to their mutual membership interests in Amalgamated as a mutual insurance company. Section V of Article I of Amalgamated's Bylaws provides that a quorum at any meeting of the members "shall consist of a majority of the members represented in person or by proxy" and that "[w]hen a quorum is present at any meeting, a majority of the voting members thereat shall decide any question that may come before the meeting." General proxies have been previously obtained from approximately 83% of Amalgamated's policyholders (the "General Proxies") granting ARM the right to vote such General Proxies at any general or special member meeting, and ARM has voted such General Proxies in matters presented at Amalgamated's annual meetings, including for the election of trustees.
- 6) The Applicant has agreed in its Amended Plan that it will not use the existing General Proxies to establish a quorum at the special member meeting at which Eligible Members will vote on the Amended Plan.
- 7) Pursuant to the Amended Plan and the Demutualization Act, Amalgamated will send a Notice of special meeting (the "Special Meeting") to the Eligible Members, together with a Proxy Statement that contains a summary of the Amended Plan and a form of special proxy that will allow the Eligible Members to vote for or against the Amended Plan.
- 8) In accordance with D.C. Official Code § 31-904(b), the Notice of Special Meeting will be mailed no later than forty-five (45) days following the date of this Decision

and Order, and the Special Meeting shall be held no sooner than ten (10) days and no later than sixty (60) days after the date when the Notice of Special Meeting is mailed by the Applicant.

- 9) Eligible Members will be permitted to vote at the Special Meeting by special written proxy or by telephone or internet voting in accordance with Amalgamated's Bylaws.
- 10) Consistent with the Demutualization Act, Chapter 3 of Title 18 of the District of Columbia Code and the Applicant's existing Bylaws, approval of the Amended Plan by the Eligible Members will be subject to Applicant obtaining an affirmative vote in favor of the Demutualization from a majority of the Eligible Members voting in person or by special proxy at the Special Meeting in which a quorum consisting of a majority of the Eligible Members are present in person and by special proxy.
- 11) This process under the Amended Plan for soliciting the Eligible Members' votes to approve the Demutualization will not prejudice the procedural interests of the Applicant's members.

*Mutual Membership Interest Economic Rights*

- 12) In exchange for their mutual membership interests in Amalgamated as a result of the Demutualization under the Amended Plan, Eligible Members will receive (1) Subscription Rights (as defined below), and (2) a special cash dividend equal to the quotient of (x) \$7,300,000 divided by (y) the number of Eligible Members (the "Special Dividend").

- 13) The Applicant has determined in accordance with D.C. Official Code § 31-901 that as of February 3, 2021, the Applicant had 1,589 Eligible Members. As a result, the distribution of the Special Dividend will result in each Eligible Member receiving a payment of approximately \$4,594 in cash in addition to the Eligible Members' rights to exercise their Subscription Rights in the Offering.
- 14) Under the Amended Plan, the Special Dividend will be paid on the "Plan Effective Date" (as defined in Section 14.04 of the Amended Plan) after the Demutualization and Offering are completed.
- 15) Under the Amended Plan, each Eligible Member will receive, without payment, nontransferable subscription rights to purchase up to 25,000 shares of common stock of HoldCo at a price of \$10.00 per share.
- 16) Feldman has advised that the subscription rights to buy up to 25,000 shares of common stock of HoldCo at a price of \$10.00 per share provides a preferential opportunity to purchase 100% of the estimated pro forma market value of Amalgamated as referenced by the Updated Boenning Valuation Appraisal Report and would positively reflect the economic interests of the Eligible Members. (Department Exhibit 3).
- 17) The Commissioner notes that historically mutual insurance company members rarely exercise their subscription rights to purchase shares of stock of the converting stock insurance company (or its holding company parent) in a subscription rights styled demutualization.

- 18) The combination of the dividend payment and subscription rights provided to the Eligible Members under the Amended Plan will not prejudice the economic interests of the Applicant's members.

**The Amended Plan of Conversion's Method of Allocating Subscription Rights is Fair and Equitable as Required by D.C. Official Code § 31-903(a)(3)**

As required by D.C. Official Code § 31-903(a)(3), the Commissioner concludes that, subject to compliance with the Conditions and Undertakings Section of this Decision and Order, the Amended Plan's method of allocating subscription rights is fair and equitable.

In this regard, the Commissioner has taken into account the following:

- 1) The Applicant provided a Pro Forma Valuation Appraisal Update of Amalgamated Casualty Insurance Company as of October 15, 2021 (Applicant Exhibit 13), from Boenning, an independent financial expert, that established the Amended Plan's method of allocating subscription rights is fair and equitable.
- 2) Feldman reviewed the Updated Boenning Valuation Appraisal Report submitted by the Applicant and has opined that "the allocation of the Subscription Rights to Eligible Members is fair and equitable" and that "the procedure for allocation of shares of common stock to be purchased in the Subscription Offering in the event of an oversubscription is fair and equitable." (Department Exhibit 3).
- 3) The Commissioner notes that the method included in the Amended Plan of Conversion grants an equal subscription right to each Eligible Member, subject to an oversubscription procedure, and in that way is the method that is utilized in many, if not most, mutual to stock transactions.

## **II. Standards Applicable to Approval of MCIF Form A Statement**

The Holding Company Act provides that any person who intends to acquire ten percent (10%) or more of the voting securities of an insurer domiciled in the District is presumed to be acquiring control of the domestic insurer, and that such person may not consummate such acquisition without first obtaining approval from the Commissioner. In order to obtain approval from the Commissioner, the acquiring person is required to submit to the Department a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer accompanied by all of the supporting information required in connection therewith pursuant to D.C. Official Code § 31-703 and 26-A DCMR App. 16-1.

Once the Commissioner determines that an acquiring party like MCIF has submitted all of the information required by law, the Commissioner must approve the acquisition of control unless, after a public hearing, the Commissioner finds that:

- 1) After the change of control, Amalgamated would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;
- 2) The effect of the acquisition of control of Amalgamated would be substantially to lessen competition in insurance in the District or tend to create a monopoly. In applying the competitive standard in this sub-subparagraph:
  - (I) The informational requirements of D.C. Official Code § 31-704(c)(1) and the standards of D.C. Official Code § 31-704(d)(2) shall apply;
  - (II) The acquisition of control shall not be disapproved if the Commissioner finds that any of the situations meeting the criteria provided by D.C. Official Code § 31-704(d)(3) exist; and

- (III) The Commissioner may condition the approval of the merger or other acquisition on the removal of the basis of disapproval within a specified period of time;
- 3) The financial condition of any acquiring company, including MCIF and its ultimate controlling person MCG, is such as might jeopardize the financial stability of Amalgamated, or prejudice the interest of Amalgamated's policyholders;
  - 4) The plans or proposals which MCIF or MCG may have to liquidate Amalgamated, sell its assets, or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management are unfair and unreasonable to Amalgamated's policyholders or are not in the public interest;
  - 5) The competence, experience, and integrity of those persons who would control the operation of Amalgamated are such that it would not be in the interest of Amalgamated's policyholders and of the public to permit the acquisition of control; or
  - 6) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.

### **Findings of Fact Related to MCIF Form A Statement**

After careful evaluation and analysis of the evidence, the Commissioner makes the following findings of fact related to the MCIF Form A Statement:

- 1) MCIF is a Delaware limited partnership that is focused principally on providing capital to mutual insurance companies in the U.S. property and casualty insurance segment. MCIF intends to raise a total of \$125 million of equity capital and is currently in the process of completing its first closing, which it expects will be completed in December 2021, for approximately \$30 million.
- 2) Upon completion of its first closing, MCIF has committed to provide a certified letter to the Commissioner from MCIF's investment manager indicating the aggregate equity capital commitments received in the first closing.
- 3) MCIF is sponsored by its ultimate controlling person, MCG (formerly Tuscarora Wayne Mutual Group, Inc.). MCG is a mutual holding company that is based in Wyalusing, Pennsylvania and has been led by Mr. Jay Chadwick, Chairman, President, and Chief Executive Officer, for over 30 years.
- 4) Per the 2020 audited financial statements, MCG had members' equity in the amount of \$99,983,461 as of December 31, 2020. Per the unaudited financial statements MCG had member's equity in the amount of \$103,014,664 as of September 30, 2021.
- 5) MCG owns four Pennsylvania domiciled insurance companies, none of which writes in the District of Columbia, therefore the effect of the proposed acquisition of control of Amalgamated by MCIF will not lessen competition in insurance in the District or tend to create a monopoly.



- 6) On March 11, 2021, AM Best affirmed the A+ (Superior) rating and the Stable outlook of MCG's insurance subsidiaries Tuscarora Wayne Insurance Company and Keystone National Insurance Company. Also, on March 11, 2021, AM Best affirmed the B++ (Good) rating and the Stable outlook of MCG's insurance subsidiary Lebanon Valley Insurance Company. Currently the other MCG's insurance subsidiary Glacier Insurance Company is not rated by AM Best.
- 7) Mutual Capital General Partnership, LP ("General Partner"), a Delaware limited partnership, is the general partner of MCIF. The General Partner will enter into an investment advisory agreement with MCIA, a Delaware limited liability company, pursuant to which MCIA will provide all day-to-day operational support for MCIF.
- 8) MCIA is led by Mr. Jason Wolfe, President and Chief Executive Officer, and Mr. Jay Chadwick, Chairman of the Executive Board of Advisors. Per their biographic affidavits, Mr. Wolfe is an experienced insurance and specialty finance banker and investor with over 20 years of experience and Mr. Chadwick is a seasoned insurance executive. Mr. Jason Wolfe has been listed as a Board Director of Amalgamated since 2011.
- 9) In his capacity as a non-employee director of HoldCo, Mr. Wolfe expects to be granted 10,000 shares of restricted stock of HoldCo upon completion of the Offering, and 1,000 shares of restricted stock annually for the duration of his service on the Board. These grants will be made pursuant to the HoldCo 2021 Stock Incentive Plan. There are no other contracts, arrangements, or understandings with respect to any voting security of Amalgamated or HoldCo in which MCIF or its affiliates is involved.

- 10) MCIF is expected to purchase approximately 550,000 shares of HoldCo common stock at the offering price of \$10 per share, about 22.4% of HoldCo's total outstanding shares, for a total investment of approximately \$5.5 million. MCIF plans to fund its investment using cash on hand in the ordinary course of business.
- 11) MCIF's acquisition is contingent upon Plan Effective Date. The Department has no concerns regarding the Offering price. The opinion reached in Feldman's draft report to the Department is that the valuation as determined in the Boenning Updated Valuation Appraisal Report is reasonable.
- 12) As MCIF is not an insurance company and none of the four insurance companies owned by its ultimate controlling person, MCG, writes any line of insurance in the District of Columbia, the effect of the acquisition of control of Amalgamated by MCIF will not lessen competition in any line of insurance in the District or tend to create a monopoly.
- 13) MCIF will fund its acquisition using cash on hand in the ordinary course of business.
- 14) MCIF has no plans for Amalgamated to declare an extraordinary dividend, to liquidate Amalgamated or sell its assets, to merge Amalgamated with any person or persons, or to make any other material change to Amalgamated's business operations, corporate structure, or management.
- 15) MCIA will provide all day-to-day operational support for MCIF. MCIA's executive officers are (i) Mr. Wolfe who is an experienced insurance and specialty finance banker and investor with over 20 years of experience, and (ii) Mr. Chadwick who is

a seasoned insurance executive. Also, the board directors and executive officers of MCG have years of experience in insurance industry.

**Conclusion of Law Related to MCIF Form A Statement**

After careful evaluation of the evidence and the Findings of Fact, the Commissioner makes the following Conclusions of Law:

- 1) The change of control would not prevent Amalgamated from satisfying requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed. D.C. Official Code § 31-703(g)(1)(A)(i).
- 2) The effect of the acquisition of control of Amalgamated would not be substantially to lessen competition in insurance in the District or tend to create a monopoly therein. D.C. Official Code § 31-703(g)(1)(A)(ii).
- 3) The financial condition of any acquiring company, including MCIF and its ultimate controlling person, MCG, is not such as might jeopardize the financial stability of Amalgamated, or prejudice the interest of Amalgamated's policyholders. D.C. Official Code § 31-703(g)(1)(A)(iii).
- 4) MCIF and MCG do not currently have any plans or proposals to liquidate Amalgamated, sell its assets, consolidate or merge it with any person, or to make any other material changes in its business or corporate structure or management which are unfair and unreasonable to Amalgamated's policyholders or are not in the public interest. D.C. Official Code § 31-703(g)(1)(A)(iv).
- 5) The competence, experience, and integrity of those persons who would control the operation of Amalgamated are such that it would not tend to adversely affect the

interest of Amalgamated's policyholders and the public to permit the acquisition of control. D.C. Official Code § 31-703(g)(1)(A)(v).

- 6) The acquisition of control is not likely to be hazardous or prejudicial to the insurance buying public. D.C. Official Code § 31-703(g)(1)(A)(vi).

The MCIF Form A Statement is properly supported by the required documents and meets all of the requirements of law for its approval.

### **III. Request for Approval of the Bracewell Investment**

As set forth in the Amended Application, MCW together with its principals Joseph Bracewell and Patrick Bracewell and their affiliates, have stated their intention to purchase approximately 250,000 shares of the common stock of HoldCo (the "Bracewell Investment"). At the midpoint of the Offering range, this would represent 12.5% of HoldCo's outstanding common stock. When combined with 458,333 votes held by MCW in its capacity as the holder of the Holdco Series A Preferred Stock it will receive in connection with its sale of ARM, MCW, together with its principals Joseph Bracewell and Patrick Bracewell and their affiliates, will possess 28.8% of the total voting power of the outstanding shares of HoldCo's capital stock (measured at the midpoint of the Offering range). Accordingly, Applicant has requested approval for the Bracewell Investment in accordance with D.C. Official Code § 31-906(1), which limits any one person or group of persons acting in concert from acquiring, through public offering or subscription rights, more than 5% of the shares of common stock of HoldCo for a period of 5 years from the Plan Effective Date except with the approval of the Commissioner.

By way of background, in its Report on Examination dated June 29, 2010, the Department determined that Amalgamated was part of an insurance holding company system controlled by its controlling producer, ARM. On August 5, 2011, MCW filed a Form A

Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (the “2011 MCW Form A”) in connection with MCW’s proposed acquisition of 100% of the capital stock of ARM, which in turn was deemed to control Amalgamated. According to the 2011 MCW Form A, upon MCW’s acquisition of ARM, Patrick Bracewell owned 72-75% of MCW, Joseph Bracewell, Patrick’s father, owned (24-25%), and other members of the Bracewell family owned (0-4%). On September 27, 2011, the Department approved the 2011 MCW Form A with respect to MCW’s acquisition of control of Amalgamated through its acquisition of 100% of the capital stock of ARM.

On September 15, 2021, as requested by the Department in order to evaluate the Applicant’s request for approval of the Bracewell Investment under Section 31-906(l) of the Demutualization Act, Patrick Bracewell, Joseph Bracewell, MCW, MCW Investment Holdings, LP, and Bracewell Trustar Investment Partnership filed information with the Department consistent with the information that would be provided under a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer pursuant to the D.C. Code § 31-703 (Applicant Exhibit 5).

#### **IV. Request for Approval of the RAM Investment**

As set forth in the Amended Application, Roumell Opportunistic Value Fund (“RAMSX”) has stated its intention to purchase approximately 243,375 shares of the common stock of HoldCo (the “RAM Investment”). RAMSX is a mutual fund managed by James Roumell, a trustee of Amalgamated and a director of HoldCo. With the purchase of approximately 243,375 shares of HoldCo, RAMSX would possess 9.9% of the voting power of the outstanding shares of HoldCo’s capital stock (measured at the midpoint of the Offering range). Accordingly, Applicant has requested approval for the RAM Investment in accordance

with D.C. Official Code § 31-906(l), which limits any one person or group of persons acting in concert from acquiring, through public offering or subscription rights, more than 5% of the shares of common stock of HoldCo for a period of 5 years from the Plan Effective Date except with the approval of the Commissioner.

On September 17, 2021, as requested by the Department in order to evaluate the Applicant's request for approval of the RAM Investment under D.C. Official Code § 31-906(l), RAMSX filed information with the Department consistent with the information that would be provided under a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer pursuant to D.C. Official Code § 31-703. (Applicant Exhibit 6)

**V. Request for Approval of Special Dividend**

The Special Dividend contemplated in the Amended Plan constitutes an extraordinary dividend under D.C. Official Code § 31-706(b)(2), and accordingly, Applicant has requested approval of the Special Dividend in accordance with D.C. Official Code § 31-706(b)(1).

The Applicant's request has been reviewed by various analysts in the Department, including the Chief Financial Examiner and the Department's Legal Division. Based upon the information submitted, the Department has determined that after payment of the proposed Special Dividend, Amalgamated's Risk Based Capital ratio is expected to be well above the company action level.

## ORDER

It is ORDERED that

1. The proposed Amended Plan, pursuant to the Demutualization Act, be and is hereby AUTHORIZED AND APPROVED, subject to the satisfaction of the following Conditions and Undertakings, each of which shall be deemed to be supplementary to, and not in derogation of, existing applicable statute, regulations, and orders.
2. The proposed acquisition of control of Amalgamated by MCIF, and its ultimate controlling person MCG, pursuant to the Holding Company Act be and is hereby authorized and approved, and such acquisition is also authorized and approved for purposes of D.C. Official Code § 31-906(l), subject to the satisfaction of the following conditions and undertakings, each of which shall be deemed to be supplementary to, and not in derogation of, existing applicable statutes, regulations, and orders.
3. The Bracewell Investment is hereby authorized and approved for purposes of D.C. Official Code § 31-906(l), subject to the satisfaction of the following conditions and undertakings, each of which shall be deemed to be supplementary to, and not in derogation of, existing applicable statutes, regulations, and orders.
4. The RAM Investment is hereby authorized and approved for purposes of D.C. Official Code § 31-906(l), subject to the satisfaction of the following conditions and undertakings, each of which shall be deemed to be supplementary to, and not in derogation of, existing applicable statutes, regulations, and orders.
5. The Special Dividend be and is hereby authorized and approved, subject to the satisfaction of the following conditions and undertakings, each of which shall be deemed

to be supplementary to, and not in derogation of, existing applicable statutes, regulations, and orders.

### **CONDITIONS AND UNDERTAKINGS**

- 1) The Applicant will mail notice of the Special Meeting together with the proxy statement, including a copy or summary of the Amended Plan, proxy card allowing Eligible Members to vote for or against the Amended Plan and a policyholder information statement regarding the Amended Plan, in each case in the form submitted to the Commissioner in this proceeding, to each Eligible Member within forth-five (45) days following the date of this Order and Decision, and such notice shall include a copy of this Decision and Order.
- 2) The Amended Plan shall be approved by the affirmative vote of at least a majority of the votes cast by a quorum of Eligible Members, and the Applicant shall provide a copy of the minutes of the Special Meeting evidencing such approval to the Commissioner within ten (10) days after the date of the Special Meeting.
- 3) The notice required by D.C. Official Code § 31-910 shall be provided to members of the Applicant whose policies were issued by Amalgamated after February 3, 2021 and before the date of this order, and the requirements of D.C. Official Code § 31-910 as to the right of such members to terminate their policy and receive a pro rata refund shall be satisfied. Evidence of the mailing of the D.C. Official Code § 31-910 notice, and the information as to the cancelled policies, shall be provided to the Commissioner within ten (10) days of the Plan Effective Date.
- 4) No significant changes in the business plan of Amalgamated (other than as contemplated in the Amended Application) may be made for a period of five (5) years after the Plan



Effective Date without the prior written approval of the Commissioner, including specifically, but not limited to:

- a. Any sale or transfer of 10% or more of the assets of Amalgamated;
  - b. Any merger involving Amalgamated;
  - c. Any redomestication of Amalgamated; or
  - d. Any change in the executive management of Amalgamated
- 5) For a period of no less than ten (10) years, Amalgamated shall continue to offer liability insurance to the taxi industry in the District of Columbia at market rates.
- 6) The Commissioner retains full regulatory authority and jurisdiction over Amalgamated as a converted stock insurance company after the Plan Effective Date.
- 7) Paragraph 4 of the Order regarding the approval of the RAM Investment for purposes of D.C. Official Code § 31-906(l) is not, and shall not constitute for any purposes, approval of an acquisition of control of Amalgamated by RAMSX under D.C. Official Code § 31-703. Under D.C. Official Code § 31-701, “control” is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 10% or more of the voting securities of another person. Accordingly, RAMSX, and/or any RAMSX affiliate, shall comply with D.C. Official Code § 31-703 prior to its acquisition, directly or indirectly, of 10% or more in the aggregate of the voting securities of Amalgamated (including, for the avoidance of doubt, the voting securities of HoldCo or any other person having presumptive control of Amalgamated or HoldCo pursuant to D.C. Official Code § 31-701).
- 8) Payment of the Special Dividend is contingent and conditioned upon the occurrence of the Plan Effective Date.

- 9) The Applicant shall continue to be subject to the jurisdiction of the Commissioner pursuant to the provisions of the Demutualization Act for purposes of implementing the terms of this Decision and Order and the employing of experts necessary for such purposes, until further order of the Commissioner.
- 10) Applicant shall advise the Department if the Plan Effective Date does not occur before March 31, 2022, and the Department reserves the right to modify or revoke this Order and Decision;
- 11) Amalgamated shall submit an enterprise risk report each year during which the MCIF and MCG control Amalgamated and an acknowledgement that Amalgamated and any affiliates that are within MCG's control will provide, at the Commissioner's request, information the Commissioner needs to evaluate enterprise risk to Amalgamated.
- 12) Within thirty days of the Plan Effective Date, Amalgamated shall file an amended Form B pursuant to the Holding Company Act;
- 13) The total aggregate number of shares of common stock of HoldCo that may be purchased in the Offering by Amalgamated's trustees, officers and employees, plus the total number of shares of common stock of HoldCo purchased by MCIF, including any purchases by any affiliate of MCIF, plus the total number of shares of common stock of HoldCo purchased by RAMSX, shall not exceed 80% of the total number of shares to be issued in the Offering.
- 14) Applicant shall cause to be paid the fees of any actuaries, accountants, attorneys, financial advisors and other experts not otherwise a part of the Department's staff that the Department contracted with in connection with the Department's review of the Demutualization, Original Application, Original Plan, Amended Application, Amended

Plan, the MCIF Form A Statement, and the preparation of this Order, and the employing of experts necessary for any and all such purposes, until further order of the Commissioner.

Signed and dated this 22nd day of December, 2021.

---

Karima M. Woods  
Commissioner


## CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the attached Decision and Order was served via email to the following persons on this 22<sup>nd</sup> day of December 2021:

Jeffrey P. Waldron  
Senior Managing Director  
Griffin Financial Group  
A Stevens & Lee Company  
620 Freedom Business Center, Suite 200  
King of Prussia, PA 19406  
[Jeffery.waldron@griffinfinancialgroup.com](mailto:Jeffery.waldron@griffinfinancialgroup.com)

Adam Levi  
Assistant General Counsel  
District of Columbia Department of Insurance, Securities and Banking  
1050 First Street, NE, Suite 803  
Washington, DC 20002  
[Adam.levi@dc.gov](mailto:Adam.levi@dc.gov)

Thorn Pozen  
Partner  
Goldblatt Martin Pozen LLP  
1432 – K Street, NW  
Suite 400  
Washington, DC 20005  
[tpozen@gmpllp.com](mailto:tpozen@gmpllp.com)



---

Dana Sheppard  
Associate Commissioner  
District of Columbia Department of Insurance, Securities and Banking