DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

IN RE:	**Proposed Acquisition of:**	)	
		)	
	SPARTA Specialty Insurance Company	)	
		)	**Case No. 150921434C**
	by	)	
		)	
	Safety National Casualty Corporation.	)	

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Based on the testimony and evidence on the whole record, I, John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration ("Director" of the "Department"), find and conclude that:

1. On September 17, 2015, Safety National Casualty Corporation (the "Applicant") filed a Form A Statement with the Department, in connection with the proposed acquisition of SPARTA Specialty Insurance Company, a Missouri domestic insurance company (the "Domestic Insurer"). The Domestic Insurer is a wholly owned subsidiary of SPARTA Insurance Company, a Connecticut domestic insurance company.

2. On September 21, 2015, the Director appointed Mary S. Erickson as Hearing Officer in this matter.

3. On September 21, 2015, the Hearing Officer issued a Notice of Hearing for a public hearing on September 30, 2015 pursuant to Section 382.060.3 effective August 28, 2015

(TAFP SCS for HCS for HB50, 98th General Assembly 2015).

4. The Applicant provided timely notice of the hearing to the Domestic Insurer. At the September 30, 2015 hearing, the Applicant appeared by its Executive Vice President, Chief Financial Officer and Chief Risk Officer, John P. Csik, and by counsel, Nicholas A. Kriegel. The Department's Division of Insurance Company Regulation ("Division") appeared by counsel, Kelly A. Hopper.

5. The Form A Statement and its attachments contain a number of draft and referenced affiliate agreements for which Form D filings would be required prior to entering into the transactions pursuant to Section 382.195 RSMo, effective August 28, 2015 (TAFP SCS for HCS for HB50, 98th General Assembly 2015). At the September 30, 2015 hearing, the Domestic Insurer, through the Affidavit of Dawne Ware, and the Applicant, through the testimony of John P. Csik, acknowledged that separate filing and review processes were required for these affiliate agreements, notwithstanding their inclusion or reference in the Form A Statement and its attachments.

6. The Applicant will acquire control of the Domestic Insurer pursuant to a Stock Purchase Agreement dated April 9, 2015, by and between the Applicant and SPARTA Insurance Company, whereby the Applicant will acquire all of the issued and outstanding capital stock of the Domestic Insurer. Subsequent to the acquisition, the Domestic Insurer will become a wholly owned subsidiary of the Applicant.

7. After a public hearing, the Director fails to find that:

A. After the acquisition of the Domestic Insurer by the Applicant, the Domestic Insurer will be unable to satisfy the requirements for the issuance of a license to write the lines of business for which it is presently licensed.

B. The effect of the acquisition of the Domestic Insurer will be to substantially lessen competition in insurance or tend to create a monopoly in this State.

C. The financial condition of the Applicant is such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders.

D. The Applicant's plans or proposals, if any, to liquidate the Domestic Insurer, or sell its assets, to consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair or unreasonable to its policyholders or contrary to the public interest.

E. The competence, experience and integrity of the Applicant's management are such that it would be contrary to the interests of policyholders of the Domestic Insurer and of the public to permit the acquisition of the Domestic Insurer by the Applicant.

F. The proposed acquisition of the Domestic Insurer by the Applicant is likely to be hazardous or prejudicial to the insurance buying public.

ORDER

Based on the foregoing findings and conclusions, the proposed acquisition of control of SPARTA Specialty Insurance Company by Safety National Casualty Corporation is hereby **APPROVED**.

So ordered, signed and official seal affixed this 9th day of October, 2015.

JOHN M. HUFF
DIRECTOR
Department of Insurance, Financial Institutions and Professional Registration
State of Missouri