



DATE: June 28, 2021

TO: Amy Malm  
Mark McNabb

FROM: Christopher Martin

SUBJECT: The Acquisition of Control of Bowhead Insurance Company, Inc. by Bowhead Holdings, Inc.

The memo is written to summarize the results of OCI's analysis and support of approval of the Acquisition of Control in the above-referenced Form A filing, performed in accordance with the competitive standard criterion set-forth in s. 611, Wis Stat.

### Form A Filing Contact

Johnathan David Kantor, Secretary and General Counsel  
Bowhead Insurance Company, Inc.  
667 Madison Avenue, 5<sup>th</sup> Floor  
New York, NY 10065  
212.209.6116; regulatory-legal@bowheadspecialty.com

### Form A Exhibits

<u>Exhibit</u>	<u>Description</u>
A	Parent Resolutions and Approving Contribution
B	Pre- and Post-Acquisition Organizational Charts
C	Biographical Affidavits <b>(Confidential)</b>
D	Tax Allocation Agreement <b>(Confidential)</b>
E	Service Agreement <b>(Confidential)</b>
F	Domestic Insurer's Business Plan <b>(Confidential)</b>

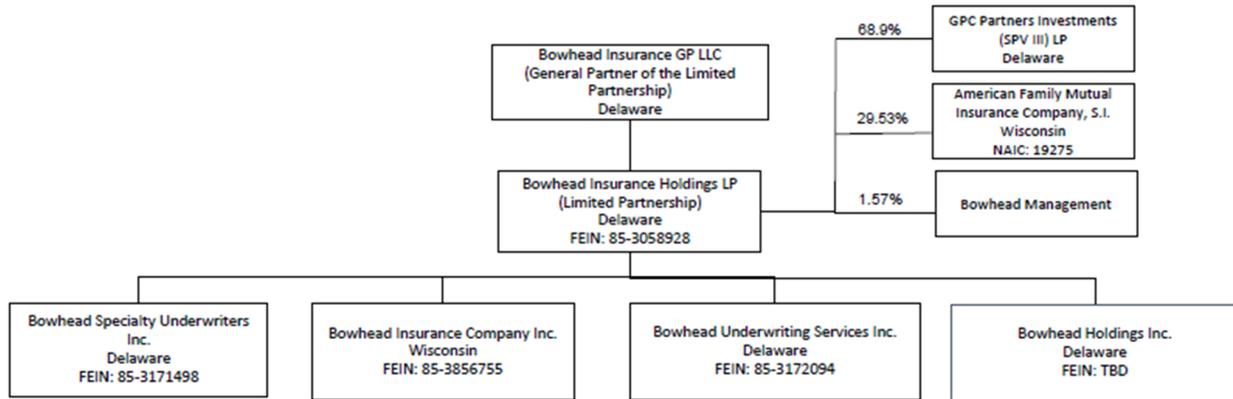
### Executive Summary

This Form A Statement concerns the proposed acquisition of Bowhead Insurance Company, Inc. ("Bowhead Insurance", "Domestic") by Bowhead Holdings, Inc. ("Bowhead Holdings", "Applicant"). Both entities are wholly-owned subsidiaries of Bowhead Insurance Holdings LP ("Parent"). The Domestic company was created in 2020 and licensed by OCI in 2021. The Applicant company was formed on May 26, 2021 as a Delaware corporation for tax purposes, in order to file consolidated tax returns. This is a relatively simple transaction due to the nature of the change in the organizational structure and lack of planned changes to operations after completion of the acquisition.

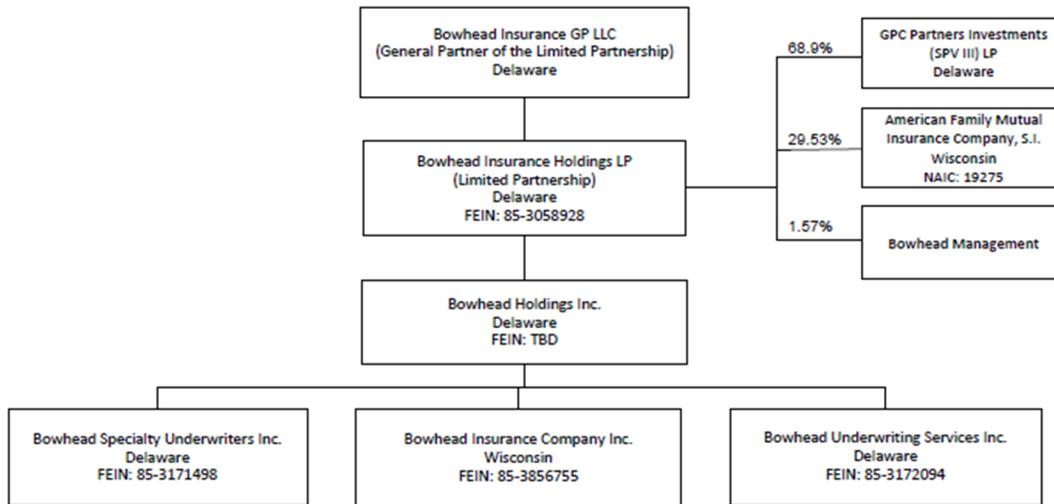
### Transaction

As noted in the Executive Summary above, the transaction described in the form A is relatively simple. Control of Bowhead Insurance will be acquired through a contribution of shares from the Parent to the newly formed Bowhead Holdings. This contribution will become effective upon OCI's approval of the form A. The Parent will transfer all issued and outstanding shares of Bowhead Insurance to the Applicant. Concurrent with the transfer of shares of Bowhead Insurance, the parent is also transferring the shares of two affiliated companies to the Applicant, Bowhead Specialty Underwriters, Inc. ("Bowhead Specialty") and Bowhead Underwriting Services, Inc. ("Bowhead Services"). See pre- and post-closing organization charts below.

**Pre-Closing**



**Post-Closing**



**Insurers**

Bowhead Insurance Company, Inc. (“Bowhead Insurance”, “Domestic”) is a recently incorporated insurance company that is currently licensed to write business in Wisconsin.

**Identity and Background of the Applicant**

**Current business addresses:**

**Domestic:**  
Bowhead Insurance Company, Inc.  
667 Madison Avenue, 5<sup>th</sup> floor  
New York, NY 10055

**Applicant:**  
Bowhead Holdings, Inc.  
667 Madison Avenue, 5<sup>th</sup> floor  
New York, NY 10055

**Background:**

The Applicant is a newly formed Delaware corporation, created on May 26, 2021 as a holding company. The holding company was formed to provide the organization with tax benefits by filing consolidated tax returns on behalf of itself, the Domestic Insurer, Bowhead Specialty, and Bowhead Services. The Applicants intent is that this new organizational structure increases tax savings, reduce the number of tax filings, and allows the operations of the Domestic Insurer to continue without any changes.

**Directors and Executive Officers:**

Stephen J. Sills, President and CEO  
N. James Tees, Treasurer and CFO  
Johnathan D. Kantor, Secretary and General Counsel

Note: The individuals listed above act both as directors and executive officers.

**Owners (10% or More):**

The Parent will be the sole owner of the Applicant. The Parent currently owns 100% of the Domestic Insurer. Upon completion of the acquisition, the Parent will own 100% of the Applicant and the Applicant will own 100% of the Domestic Insurer.

To the applicant's knowledge, no person listed above has been convicted in a criminal proceeding (excluding traffic violations not involving death or injury) in the past ten years.

**Nature, Source, and Amount of Consideration**

Per the Form A, this is merely a corporate reorganization and there is no consideration for this acquisition.

**Applicants Future Plans**

Per the Form A, the Applicant has no plans or proposals to cause the Domestic Insurer to pay dividends or make other distributions, to liquidate the Domestic Insurer, to sell any of the Domestic Insurer's assets, to merge or consolidate the Domestic Insurer with any person or persons, to make any material change in the Domestic Insurer's business operations or corporate structure or management, or to cause the Domestic Insurer to enter into any arrangements, or transactions of any kind with any party other than as described in this Statement. The Applicant intends to retain the existing executive officers, directors, and management of Domestic Insurer.

Additionally, the Applicant intends to enter into a Tax Allocation Agreement with the Domestic Insurer, Bowhead Specialty, and Bowhead Services. A copy of the proposed agreement and its affiliates was provided.

**611.72 (3) Standard**

Wisconsin Statute s. 611.72 (3)(am) creates a five-part test to for the Commissioner to use when evaluating the acquisition of a domestic stock insurance company. It reads, in relevant part:

**(am)** The commissioner shall approve the plan if the commissioner finds...that it would not violate the law or be contrary to the interests of the insureds of any participating domestic corporation or of the Wisconsin insureds of any participating nondomestic corporation and that:

1. After the change of control, the domestic stock insurance corporation or any domestic stock insurance corporation controlled by the insurance holding corporation would 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 merger or other acquisition of control would not be to create a monopoly or substantially to lessen competition in insurance in this state;
3. The financial condition of any acquiring party is not likely to jeopardize the financial stability of the domestic stock insurance corporation or its parent insurance holding corporation, or prejudice the interests of its Wisconsin policyholders;
4. The plans or proposals which the acquiring party has to liquidate the domestic stock insurance corporation or its parent insurance holding corporation, sell its assets, merge it with any person or make any other material change in its business or corporate structure or management, are fair and reasonable to policyholders of the domestic stock insurance corporation or in the public interest; and
5. The competence and integrity of those persons who would control the operation of the domestic stock insurance corporation or its parent insurance holding corporation are such that it would be in the interest of the policyholders of the corporation and of the public to permit the merger or acquisition of control.

These five requirements are analyzed below.

**s. 611.72 (3)(am)1:** After reviewing the documents provided by the Applicant, in their Form A filing, OCI Staff believes that the Applicant is able to satisfy s. 611.72(3)(am)1.

**s. 611.72 (3)(am)2:** It is OCI's opinion that a Form E challenge is not necessary as the acquisition is an internal reorganization that should not have competitive effects.

**s. 611.72 (3)(am)3:** Paragraph 3 requires that the financial condition of any acquiring party is not likely to jeopardize the financial stability of the domestic insurance corporation or its parent insurance corporation, or prejudice the interest of its Wisconsin policyholders. After reviewing the documents provided by the Applicant, and due to the nature of the acquisition, there is no concern related to the compliance with s. 611.72(3)(am)3.

**s. 611.72 (3)(am)4:** Paragraph 4 requires that the post-transaction plans to change the business structure be "fair and reasonable to policyholders of the domestic stock insurance corporation or in the public interest." Review of the Form A and its supporting documents raise no concerns that certain customers would be prejudiced post-transaction as the domestic insurer is in a strong financial position and the risk to customers is minimal. Compliance with s. 611.72(3)(am)4 is expected and not a significant concern at this time.

**s. 611.72 (3)(am)5:** Paragraph 5 requires that OCI review the Biographical Affidavits of the proposed officers and directors of the Applicants and this review did not raise any concerns.

## RECOMMENDATION

The Acquisition of Control in the above-referenced Form A filing will not violate the law or be contrary to the interests of the insureds, and it does not meet any of the disqualifying criteria outlined in s. 611.72 (3), Wis. Adm. Code. Since there will be no change in the ultimate parent, a hearing is not required per s. 611.72 (3m), Wis. Stat. Therefore, I