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Exh #: 24

Case #: 18-C-42836

Writer's Direct Dial: 608.283.2434
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November 29, 2018

VIA HAND DELIVERY AND EMAIL
STEVE.JUNIOR@WISCONSIN.GOV

Steven J. Junior
Deputy Director
Bureau of Financial Analysis and Examinations
Office of the Commissioner of Insurance
125 S. Webster Street, 2nd Floor
Madison, WI 53703

RE: Form A Application for the Proposed Acquisition of Control of Unigard Indemnity Company, to be known as Sutton National Insurance Company ("Sutton National"), by Sutton National Insurance Holdings LLC ("Sutton Holdings")

Dear Steve:

Thank you for your letter dated October 4, 2018 to Lloyd Yavener regarding this application. Your inquiries are set forth in bold below followed by the responses of Sutton Holdings.

1. Where would the main administrative office of Unigard Indemnity Company be located following the proposed acquisition?

Following the closing of the proposed acquisition, Sutton Holdings plans to establish office space for Sutton National in Sun Prairie, Wisconsin and to hire employees in Sun Prairie. While Sutton Holdings expects that many operations of Sutton National will initially be conducted at the offices of its MGA, Atlas General Insurance, in San Diego, Knoxville, and New York City, virtually all of the records of Sutton National will be accessible electronically in the Sun Prairie office.

2. Is it intended that Unigard Indemnity Company invest directly or indirectly in the direct lending programs of affiliates of Mr. Steven W. Pasko or 777 Partners LLC?

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Steven J. Junior, Deputy Director
November 29, 2018
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Sutton Holdings has confirmed that Sutton National will have no involvement whatsoever in any lending activities currently being conducted by 777 portfolio companies.

3. As part of the Form A process, we want to resolve the intended form of any affiliated agreements that are anticipated to be necessary in the near-term. Please file the form of any affiliated agreement intended to be entered into effective upon the date of the closing or shortly thereafter, such as the tax sharing agreement or any affiliated management, investment management, or service agreements other than the already filed Intercompany Services Agreement by and between Unigard Indemnity Company and 777 Partners LLC.

Sutton Holdings has confirmed that Sutton National will have no agreements with affiliates to be entered into effective upon the date of the closing or shortly thereafter, other than the Intercompany Services Agreement between Sutton National and 777 Partners LLC.

4. Attached is a stipulation and order that is essential for this Office's approval of the proposed acquisition of control of Unigard Indemnity Company.

Sutton Holdings and its affiliates are prepared to execute the attached stipulation and order.

* * * *

We hope this information is responsive to your inquiries. If you have any questions, please do not hesitate to contact me or Allison Tam (please note that per Change No. 1 to the Form A, Ryan Kirby has replaced Lloyd Yavener as the proposed General Counsel and Secretary of Sutton National). Thank you for your expeditious consideration.

Very truly yours,

QUARLES & BRADY LLP



William J. Toman

WJT:mjw
Enclosure

cc: Allison J. Tam
Ryan Kirby

OFFICE OF THE COMMISSIONER OF INSURANCE (OCI)

STATE OF WISCONSIN

In the Matter of Sutton National Insurance Company,
Mr. Steven Pasko, and 777 Partners LLC,

STIPULATION
AND ORDER

Case No. 19-CXXXXX

Respondents.

WHEREAS, Sutton National Insurance Company (formerly known as "Unigard Indemnity Company"), 600 Brickell Avenue, Suite 1900, Miami, Florida 33131 ("Sutton Respondent"), is subject to the jurisdiction and control of the Office of the Commissioner of Insurance (the "Commissioner") in the State of Wisconsin; and

WHEREAS, a Form A Statement (the "Form A") was filed by Sutton National Insurance Holdings LLC, Brickell Insurance Holdings, and Mr. Steven Pasko, each with an office address of 600 Brickell Avenue, Suite 1900, Miami, Florida 33131, and MTCP LLC, with an office address of 47 Annfield Court, Staten Island, New York 10304, pursuant to s. 611.72, Wis. Stats., and s. Ins 40.02, Wis. Adm. Code, dated August 1, 2018, seeking approval from the Commissioner for a change of control of Sutton Respondent (the "Change in Control Plan"); and

WHEREAS, Mr. Steven Pasko (the "Owner") is the ultimate controlling person of Sutton Respondent; and

WHEREAS, 777 Partners LLC, a Delaware limited liability company, with a business address of 600 Brickell Avenue, Suite 1900, Miami, Florida 33131 ("Partners Respondent") is currently the principal provider of administrative services to Sutton Respondent and is an affiliate of both Owner and Sutton Respondent; and

WHEREAS, Sutton Respondent intends only to establish a small administrative office in Wisconsin; and

WHEREAS, Sutton Respondent, Owner, and Partners Respondent (collectively, the "Respondents") and the Commissioner have agreed to certain terms and conditions in conjunction with the Commissioner's approval of the Change in Control Plan.

NOW, THEREFORE, the Respondents and the Commissioner do agree and stipulate to the following terms and conditions:

- (1) The Respondents agree that the Owner is the ultimate controlling person of Sutton Respondent. The Respondents agree that Owner, and any entity controlled by the Owner, as defined by s. 600.03 (13), Wis. Stat., is currently an affiliate of Sutton Respondent. Sutton Respondent agrees that it will not enter into a transaction with the Owner or any entity in which the Owner owns 10% or more of such entity's voting stock or any other affiliate of Sutton Respondent unless Sutton Respondent and the Owner comply with ch. 617, Wis. Stat., and ch. Ins 40, Wis. Adm. Code. Sutton Respondent agrees that it will submit any such transaction which is reportable pursuant to ch. 617, Wis. Stat., ch. Ins 40, Wis. Adm. Code (including ch. Ins 40, Appendix Form D, Wis. Adm. Code) for review by the Commissioner, and will not enter into the transaction unless the Commissioner does not disapprove the transaction under ch. 617, Wis. Stat., or ch. Ins 40, Wis. Adm. Code. Sutton Respondent agrees to submit any such transaction that is reportable by filing a Form D.
- (2) Sutton Respondent agrees that the organizational chart in both the annual Holding Company Registration Statement and the statutory financial statements that are filed on behalf of Sutton Respondent pursuant to s. Ins 40.03 and s. Ins 50.20, Wis. Adm. Code, respectively, shall

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disclose the Owner's ownership interest in Sutton Respondent and in each affiliate which is reportable pursuant to ch. Ins 40, Wis. Adm. Code, and the applicable Annual or Quarterly Statement Instructions for Schedule Y.

- (3) Sutton Respondent and Partners Respondent agree that Partners Respondent is currently an affiliate within the holding company system of which Sutton Respondent is a part. Sutton Respondent and Partners Respondent agree that Partners Respondent, and any entity controlled by the Partners Respondent, as defined by s. 600.03 (13), Wis. Stat., is an affiliate of Sutton Respondent. Sutton Respondent agrees that it will not enter into a transaction with Partners Respondent or any entity in which Partners Respondent owns 10% or more of such entity's voting stock or any other affiliate of Partners Respondent unless Sutton Respondent and Partners Respondent comply with ch. 617, Wis. Stat., and ch. Ins 40, Wis. Adm. Code. Sutton Respondent agrees that it will submit any such transaction which is reportable pursuant to ch. 617, Wis. Stat., ch. Ins 40, Wis. Adm. Code (including ch. Ins 40, Appendix Form D, Wis. Adm. Code) for review by the Commissioner, and will not enter into the transaction unless the Commissioner does not disapprove the transaction under ch. 617, Wis. Stat., or ch. Ins 40, Wis. Adm. Code. Sutton Respondent agrees to submit any such transaction that is reportable by filing a Form D.
- (4) Sutton Respondent agrees that the organizational chart in both the annual Holding Company Registration Statement and the statutory financial statements that are filed on behalf of the Respondent pursuant to s. Ins 40.03 and s. Ins 50.20, Wis. Adm. Code, respectively, shall disclose Partner Respondent's affiliation with Sutton Respondent and in each affiliate which is reportable pursuant to ch. Ins 40, Appendix Form B, Wis. Adm. Code, and the applicable Annual or Quarterly Statement Instructions for Schedule Y.
- (5) Sutton Respondent agrees to include in its annual Holding Company Registration Statement an accurate list of all reportable affiliates. Sutton Respondent shall contact Owner and Partners Respondent during its preparation of each annual Holding Company Registration Statement and obtain a letter from each, listing each entity that Owner and Partners Respondent, respectively, owns or controls, as control is defined by s. 600.03 (13), Wis. Stat., 10% or more of the voting securities, together with the ownership percentage in each such entity. Owner and Partners Respondent each agree to supply Sutton Respondent with accurate information in their possession, including updates as necessary for Sutton Respondent to prepare accurate annual and quarterly statutory financial statements.
- (6) The Owner agrees to provide a statement listing all the Owner's affiliates each year, allowing sufficient time for Sutton Respondent to timely file its annual Holding Company Registration Statement.
- (7) Partners Respondent agrees to provide a statement listing all the Partners Respondent's affiliates each year, allowing sufficient time for Sutton Respondent to timely file its annual Holding Company Registration Statement. As long as Partners Respondent remains the principal provider of administrative services or controls the principal provider of administrative services to Sutton Respondent, Partners Respondent shall inform Sutton Respondent whether any party with which it is intending to enter into a contract or transaction which is reportable pursuant to ch. 617, Wis. Stat., ch. Ins 40, Wis. Adm. Code, is an affiliate of Sutton Respondent.
- (8) Sutton Respondent shall retain each letter received from Owner pursuant to section (6) of this Stipulation and Order and Partners Respondent pursuant to section (7) of this Stipulation and Order in the minutes of the meetings of Sutton Respondent's board of directors.

- (9) Owner agrees that each annual Holding Company Registration Statement of Sutton Respondent shall include a personal statement of financial position of the Owner as of the most recent calendar year-end (that is, a balance sheet disclosing his total assets, liabilities, and financial net worth), with a signed and notarized personal attestation of the Owner as to its accuracy. The statement of financial position need not be audited by a public accounting firm unless such an audit opinion is requested in writing by the Commissioner at least 120 days before the date on which the statement of financial position is due. The Owner and the Commissioner agree that any such statement of financial position shall be provided on a confidential basis, as allowed by law, pursuant to s. 601.42 (4), Wis. Stat., unless other authority from the Wisconsin Statutes or the Wisconsin Administrative Code is specifically cited in the written request from the Commissioner. In the event that there is any request for disclosure of one or more of such statements of financial position from a party other than another U.S. state or Federal regulator or law enforcement agency or a foreign jurisdiction with which the Commissioner has a memorandum of understanding or other form of written confidentiality arrangement, the Commissioner shall make a determination as to whether the statement or statements are privileged under s. 601.465, Wis. Stat. In the event that the Commissioner, in the Commissioner's sole discretion, determines that assertion of such privilege is not permitted under ch. 19, Wis. Stat., the Commissioner will notify Owner prior to disclosure so that Owner may undertake to defend the confidentiality of such statements.
- (10) If Sutton Respondent has not established an office in Wisconsin as its main administrative office and primary location of its books and records by January 1, 2020, then Sutton Respondent shall apply to redomicile to another state of the United States of its choosing such that Sutton Respondent can reasonably be expected to complete the redomestication prior to December 31, 2020. Owner and Partners Respondent will provide reasonable cooperation with Sutton Respondent's efforts to redomicile.
- (11) If Sutton Respondent has not redomiciled on or before December 31, 2020, Sutton Respondent shall cease and desist from the writing of new direct or assumed insurance business until such time as Sutton Respondent successfully effectuates a change of domicile to another state of the United States of its choosing, unless the Commissioner, in its sole discretion, allows additional time for Sutton Respondent to redomicile or to remain in Wisconsin by establishing its main administrative office in Wisconsin, without ceasing and desisting from the writing of new direct or assumed insurance business.
- (12) The Stipulation and Order dated May 17, 2012 in the matter of Blue Ridge Indemnity Company, General Casualty Insurance Company, General Casualty Company of Wisconsin, National Farmers Union Property and Casualty Company, Regent Insurance Company, Southern Fire & Casualty Company, Southern Guaranty Insurance Company, Southern Pilot Insurance Company, Unigard Indemnity Company, and Unigard Insurance Company, Respondents, OCI Case No. 12-C34427, is terminated with respect to Sutton Respondent as of consummation of the Change in Control Plan.
- (13) Sutton Respondent shall maintain surplus in excess of its security surplus standard pursuant s. 623.12, Wis. Stat., and s. Ins 51.80 (4), Wis. Adm. Code.
- (14) Sutton Respondent shall maintain a ratio of total adjusted capital to authorized control level risk-based capital of not less than 300%.
- (15) Sutton Respondent shall maintain a ratio of gross premiums to surplus of not less than 800%, with gross premiums as the numerator and surplus as the denominator of such ratio
- (16) For purposes of this Stipulation and Order, the application of the Wisconsin Statutes and the Wisconsin Administrative Code are not modified except as explicitly stated herein.

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- (17) The Respondents agree that this Stipulation is made without reservation and constitutes a waiver of valuable rights including a hearing, confrontation and cross-examination of witnesses, production of evidence, making a motion for costs, and judicial review. The Commissioner may enforce this Stipulation and Order. In addition, if one or more of the Respondents are involved in a future administrative or disciplinary action, this Stipulation may be considered. The Respondents acknowledge that the Commissioner may make additional orders or subsequently modify or supersede this order by making a subsequent order. However, this Stipulation applies only to this Order as originally issued and each Respondent reserves their rights to contest any other new orders of the Commissioner or any modifications to this Order.

Date

William R. Trzos
President and Chief Executive Officer
Sutton National Insurance Company

Date

Mr. Steven Pasko, on behalf of himself and as
Ultimate Controlling Person and Director of
Sutton National Insurance Company

Date

Mr. Steven Pasko
Managing Partner and Director
777 Partners LLP

Date

Amy J. Malm, Director
Bureau of Financial Analysis & Examinations
Office of the Commissioner of Insurance

ORDER

NOW, THEREFORE, based upon consideration of the Stipulation in this matter, I hereby order that:

- (18) The Respondents shall comply with their agreements as recited in this Stipulation.
- (19) The Stipulation and Order dated May 17, 2012 in the matter of Blue Ridge Indemnity Company, General Casualty Insurance Company, General Casualty Company of Wisconsin, National Farmers Union Property and Casualty Company, Regent Insurance Company, Southern Fire & Casualty Company, Southern Guaranty Insurance Company, Southern Pilot Insurance Company, Unigard Indemnity Company, and Unigard Insurance Company, Respondents, OCI Case No. 12-C34427, is terminated with respect to Sutton Respondent as of consummation of the Change in Control Plan.
- (20) This order shall continue until (i) with respect to Owner, until such time or times Owner is not the ultimate controlling person of Sutton Respondent; (ii) with respect to Partners Respondent, at such time or times Partners Respondent is no longer an affiliate of Sutton Respondent; (iii) with respect to Sutton Respondent, at such time or times as neither Owner or Partners Respondent are affiliates of Sutton Respondent; or (iv) until terminated by the Commissioner with written notice to each Respondent to which the order applies at the time of termination.

Dated at Madison, Wisconsin, this _____ day of _____, 2019.

Theodore K. Nickel
Commissioner of Insurance

In the Matter of Sutton National Insurance Company,
Mr. Steven Pasko, and 777 Partners LLC,

STIPULATION
AND ORDER

Case No. 19-CXXXXX

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WHEREAS, a Form A Statement (the "Form A") was filed by Sutton National Insurance Holdings LLC, Brickell Insurance Holdings, and Mr. Steven Pasko, each with an office address of 600 Brickell Avenue, Suite 1900, Miami, Florida 33131, and MTCP LLC, with an office address of 47 Annfield Court, Staten Island, New York 10304, pursuant to s. 611.72, Wis. Stats., and s. Ins 40.02, Wis. Adm. Code, dated August 1, 2018, seeking approval from the Commissioner for a change of control of Sutton Respondent (the "Change in Control Plan"); and

WHEREAS, Mr. Steven Pasko (the "Owner") is the ultimate controlling person of Sutton Respondent; and

WHEREAS, 777 Partners LLC, a Delaware limited liability company, with a business address of 600 Brickell Avenue, Suite 1900, Miami, Florida 33131 ("Partners Respondent") is currently the principal provider of administrative services to Sutton Respondent and is an affiliate of both Owner and Sutton Respondent; and

WHEREAS, Sutton Respondent intends only to establish a small administrative office in Wisconsin; and

WHEREAS, Sutton Respondent, Owner, and Partners Respondent (collectively, the "Respondents") and the Commissioner have agreed to certain terms and conditions in conjunction with the Commissioner's approval of the Change in Control Plan.

NOW, THEREFORE, the Respondents and the Commissioner do agree and stipulate to the following terms and conditions:

- (1) The Respondents agree that the Owner is the ultimate controlling person of Sutton Respondent. The Respondents agree that Owner, and any entity controlled by the Owner, as defined by s. 600.03 (13), Wis. Stat., is currently an affiliate of Sutton Respondent. Sutton Respondent agrees that it will not enter into a transaction with the Owner or any entity in which the Owner owns 10% or more of such entity's voting stock or any other affiliate of Sutton Respondent unless Sutton Respondent and the Owner comply with ch. 617, Wis. Stat., and ch. Ins 40, Wis. Adm. Code. Sutton Respondent agrees that it will submit any such transaction which is reportable pursuant to ch. 617, Wis. Stat., ch. Ins 40, Wis. Adm. Code (including ch. Ins 40, Appendix Form D, Wis. Adm. Code) for review by the Commissioner, and will not enter into the transaction unless the Commissioner does not disapprove the transaction under ch. 617, Wis. Stat., or ch. Ins 40, Wis. Adm. Code. Sutton Respondent agrees to submit any such transaction that is reportable by filing a Form D.
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Cast No. 19-CXXXXX

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Date

William R. Trzos
President and Chief Executive Officer
Sutton National Insurance Company

Date

Mr. Steven Pasko, on behalf of himself and as
Ultimate Controlling Person and Director of
Sutton National Insurance Company

Date

Mr. Steven Pasko
Managing Partner and Director
777 Partners LLP

Date

Amy J. Malm, Director
Bureau of Financial Analysis & Examinations
Office of the Commissioner of Insurance

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Dated at Madison, Wisconsin, this _____ day of _____, 2019.

Theodore K. Nickel
Commissioner of Insurance