

**FORM A**  
**STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR MERGER**  
**WITH A**  
**DOMESTIC INSURER**

Filed with the Office of the Commissioner of Insurance,  
State of Wisconsin

**Blue Ridge Indemnity Company**  
Name of Domestic Insurer ("Blue Ridge")

By

**LOTS Intermediate Co.**  
Name of Acquiring Person ("Applicant")

Filed with the Wisconsin Office of the Insurance Commissioner

Date: January 13, 2017

Name, title, address and telephone number of individual to whom notices and correspondence concerning this statement should be addressed:

Craig S. Hart  
Vice President, Regulatory Affairs  
LOTS Intermediate Co.  
10151 Deerwood Park Blvd.  
Building 100, Suite 330  
Jacksonville, Florida 32256  
Telephone: (800) 888-2738, Ext. 8701  
Fax: (904) 421-5907

With a copy to:

Noreen J. Parrett  
Parrett & O'Connell, LLP  
Madison, WI 53703  
Phone: (608) 251-1967  
E-mail: nparrett@parrettoconnell.com

## INTRODUCTION

Through this Form A Statement Regarding the acquisition of Control of or Merger with a Domestic Insurer (the “**Statement**”), LOTS Intermediate Co (“**LOTS**”), a holding company domiciled in Delaware, seeks the Office of the Commissioner of Insurance’s (“**OCI**”) approval for its acquisition of Blue Ridge Indemnity Company (“**BRIC**”), a Wisconsin-domiciled property and casualty insurance company. LOTS was incorporated in 2007 in Delaware and is headquartered in Jacksonville, Florida. It is a wholly owned subsidiary of Fortegra Financial Corporation (“**Fortegra**”), also domiciled in Delaware with its headquarters in Jacksonville, Florida. Fortegra indirectly owns and LOTS directly owns multiple insurance companies, including Life of the South Insurance Company, Insurance Company of the South, Southern Financial Life Insurance Company, Lyndon Southern Insurance Company, Response Indemnity Company of California, and Bankers Life of Louisiana. The insurance companies directly or indirectly owned by LOTS provide Credit Life, Credit Disability, Involuntary Unemployment insurance, Credit Property, including Household Contents, Vendor Single Interest, Blanket Vendor Single Interest, Collateral Protection Insurance, Mortgage Protection Insurance, Limited Lienholder, Lender Comprehensive, Non-filing Insurance, auto physical damage insurance, Non-Standard Auto insurance, Accident Medical Expense plan, Surety, Contractual Liability Insurance, Home Protection/Warranty, Vehicle Service Contracts, Insurer Obligor contracts, Inland Marine, and Accidental Death and Dismemberment insurance. LOTS also directly or indirectly owns multiple warranty companies that provide warranty protection for automobiles, consumer electronics, mobile device and other products. The Fortegra companies are shown on the Pre-Transaction Organization Chart included as **Exhibit B** to this Statement. Fortegra is indirectly owned by Tiptree Inc., the ultimate controlling person. An organizational chart of the Tiptree Inc. structure is also included with this Statement as **Exhibit B**. As of January 1, 2016, Tiptree Financial Partners, L.P. is owned approximately 81% by Tiptree Inc. and approximately 19% by various limited partners, none of whom owns 10% or more of Tiptree Financial Partners, L.P.

With the OCI’s approval, LOTS will acquire BRIC in a transaction (the “**Transaction**”) that is more fully described in this Statement and in the Transaction documents. BRIC is currently owned by General Casualty Company of Wisconsin (“**GCW**”), a Wisconsin domestic stock insurance company. LOTS has entered into a Stock Purchase Agreement (included with this statement as **Exhibit A**) with GCW to purchase from GCW all of the issued and outstanding capital shares of BRIC. BRIC has obligations under expired policies issued and/or assumed by it and under policies currently in force as of the closing date of the Transaction. It also may have obligations under policies that it is required by law to renew after the effective date of the Transaction. All of these policies, policy obligations and liabilities (the “**Transferred Policies**”) are transferred to GCW under a Loss Portfolio Transfer and Quota Share Reinsurance

Agreement (“Loss Portfolio Agreement”) (included with this Statement as Exhibit B to the Stock Purchase Agreement). To support GCW’s obligations under the Loss Portfolio Agreement, GCW and BRIC will enter into an Administrative Services Agreement (the “Services Agreement”) (included with this Statement as Exhibit A to the Stock Purchase Agreement) under which GCW will assume all administration of the Transferred Policies and bear all of the costs and expenses of such administration.

Upon OCI non-disapproval, BRIC will enter into certain affiliate agreements, including an Administrative Services Agreement between BRIC and LOTSolutions, Inc. (included with this Statement as **Exhibit H**), a Reinsurance Agreement between BRIC and LOTS Reassurance Company, Ltd. (included with this Statement as **Exhibit I**) and a Tax-Sharing Agreement between BRIC and the Tiptree Inc. entities (included with this Statement as **Exhibit J**). In addition to its request for OCI’s approval of the Form A Acquisition of Control of BRIC, LOTS requests the OCI’s non-disapproval of these affiliate agreements marked Exhibits G through I, which LOTS would like to become effective as of the effective date of the Transaction.

Finally, BRIC’s current Certificate of Authority gives it the authority to write Aircraft, Automobile Insurance, Credit Insurance, Disability Insurance, Fidelity, Fire, Inland Marine and Other Property, Liability and Incidental Medical Expense, Ocean Marine, Surety and Worker’s Compensation in Wisconsin. In addition to its request for OCI’s approval of the Transaction and the affiliate agreements, BRIC is requesting that its lines of authority be expanded to include Credit Unemployment Insurance, Legal Expense Insurance and Miscellaneous.

## **ITEM 1. INSURER AND METHOD OF ACQUISITION**

Blue Ridge Indemnity Company  
1 General Drive  
Sun Prairie, WI 53590-9334

Control of BRIC will be acquired by LOTS through the purchase of all of the issued and outstanding capital stock of BRIC currently held by GCW in exchange for cash.

## **ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT**

### **(a) Name and address of the applicants.**

LOTS Intermediate Co. (proposed direct owner)  
10151 Deerwood Park Blvd.  
Building 100, Suite 330  
Jacksonville, Florida 32256

Fortegra Financial Corporation (proposed indirect owner)

10151 Deerwood Park Blvd.  
Building 100, Suite 330  
Jacksonville, Florida 32256

Caroline Holdings LLC (proposed indirect owner)  
780 Third Avenue  
21<sup>st</sup> Floor  
New York, NY 10017

Tiptree Operating Company, LLC (proposed indirect owner)  
780 Third Avenue  
21<sup>st</sup> Floor  
New York, NY 10017

Tiptree Financial Partners, L.P. (proposed indirect owner)  
780 Third Avenue  
21<sup>st</sup> Floor  
New York, NY 10017

Tiptree Inc. (ultimate controlling person)  
780 Third Avenue  
21<sup>st</sup> Floor  
New York, NY 10017

**(b) Nature of its business operations and future business.**

- (i) LOTS Intermediate Co. is the Applicant. LOTS is a financial services holding company incorporated under Delaware law in 2007. Its wholly owned subsidiaries are listed on the Fortegra organization chart included with this Statement as **Exhibit B**. LOTS directly owns the insurance and insurance services businesses under Tiptree Inc. LOTS, in turn, is a wholly owned subsidiary of Fortegra Financial Corporation.
- (ii) Fortegra Financial Corporation is the direct owner of 100% of the shares of LOTS Intermediate Co. and the indirect owner of the insurance and insurance services business under Tiptree Inc. Fortegra is domiciled in Delaware and operates only as a holding company.
- (iii) Caroline Holdings LLC is the direct owner of 100% of the shares of Fortegra Financial Corporation and is domiciled in Delaware. Carolina Holdings LLC operates solely as a holding company of Fortegra Financial Corporation.

- (iv) Tiptree Operating Company, LLC, domiciled in Delaware, is the direct owner of Tiptree Inc.'s operating business. Tiptree Operating Company, LLC's subsidiaries currently operate in four industries: insurance and insurance services, specialty finance, asset management and real estate. Tiptree Operating Company, LLC's consolidated subsidiaries are listed on the organization chart included with this Statement as **Exhibit B**.
- (v) Tiptree Financial Partners, L.P., domiciled in Delaware, is the sole owner of Tiptree Operating Company, LLC. Tiptree Financial Partners, L.P. is owned 81% by Tiptree Inc. Tiptree Financial Partners, L.P. operates solely as an intermediate holding company between Tiptree Inc. and Tiptree Operating Company, LLC
- (vi) Tiptree Inc. is the ultimate controlling person of the Tiptree organizational structure and hence will be the ultimate controlling person of BRIC. Tiptree Inc. operates solely as the public holding company of its direct and indirect subsidiaries. The Company, whose operations date back to 2007, currently has subsidiaries that operate in the following four segments: insurance and insurance services, specialty finance, asset management and real estate.

**(c) Organizational chart; court proceedings.**

Included with this Statement as **Exhibit B** are the current organizational charts for Tiptree Inc. and Fortegra Financial Corporation showing the corporate structure of Tiptree Inc. pre-acquisition of BRIC. Also included as **Exhibit C** is the post-Transaction organizational chart of Fortegra showing the organizational structure after acquisition of BRIC. In each case, unless indicated otherwise next to a subsidiary, it is wholly owned.

There are no court proceedings involving a reorganization or liquidation pending with respect to any entities shown in Exhibits B and C.

**ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT**

Included with this Statement as **Exhibit D** is a list of the principal officers and directors of each of the entities listed in Item 2(a). Biographical Affidavits for each of these individuals are included with this Statement as **Exhibit E** and are being sent to the OCI under separate cover. *LOTS requests that the OCI keep the Biographical Affidavits included as Exhibit E confidential and are sending them under separate cover for that purpose.*

#### ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

**(a) Nature, source and amount of funds or other considerations used, or to be used, in effecting the merger or other acquisition of control.**

The total purchase price for BRIC is equal to the agreed value of BRIC's issued and outstanding common stock plus the amount of BRIC's surplus as of the date the Transaction closes, all as more fully described in Article II of the Stock Purchase Agreement. The total purchase price will be paid by LOTS to GCW in cash upon closing the Transaction.

**(b) Criteria used in determining the nature and amount of such consideration.**

All amounts were arrived at through arms-length negotiations between the parties.

**ITEM 5. APPLICANT'S FUTURE PLANS FOR THE INSURER (plans to declare an extraordinary dividend, or to liquidate the insurer, to sell the insurer's assets, merge the insurer or any other material change in its business operations, corporate structure or management)**

LOTS has no current plans to have BRIC declare an extraordinary dividend, to liquidate BRIC, sell its assets, or merge BRIC into another person. BRIC currently does a limited insurance business, all of which will be transferred to or reinsured by GCW under the Loss Portfolio Agreement (Exhibit B to the Stock Purchase Agreement) and that business will also be administered by GCW under the Services Agreement (Exhibit A to the Stock Purchase Agreement).

LOTS' plans for BRIC post-Transaction are described in the Plan of Operation included with this Statement as **Exhibit F**. *LOTS requests that the OCI keep the Plan of Operation confidential and is sending it under separate cover for that purpose.*

In addition, upon closing the Transaction, BRIC's board of directors and current management will be replaced by the following:

Directors:

Richard S. Kahlbaugh  
Joseph McCaw  
Michael Vrban  
Michael Grasher

Officers:

Richard Kahlbaugh, President & CEO

Christopher Romaine, Secretary  
Michael Vrban, Treasurer

Biographical Affidavits are included with this Statement for each of the above-named individuals as **Exhibit E**. *LOTS requests that the OCI keep the Biographical Affidavits included as Exhibit E confidential and are sending them under separate cover for that purpose.*

Also at closing of the Transaction, BRIC's Articles of Incorporation and Bylaws will be amended and restated as indicated in the attached Articles of Incorporation and Bylaws included with this Statement as **Exhibit G**.

At closing of the Transaction, and upon OCI non-disapproval, BRIC will enter into an Administrative Services Agreement with LOTSolutions, Inc., an affiliated company (included with this Statement as **Exhibit H**) and a Reinsurance Agreement with LOTS Reassurance Company, Ltd (included with this Statement as **Exhibit I**). BRIC will also be added as a party to the Tax-Sharing Agreement between Tiptree Inc. and its affiliated companies (included with this Statement as **Exhibit J**). Finally, BRIC will be subject to the Statement of Investment Policy that applies to all of Fortegra's insurance operations (included with this Statement as **Exhibit K**).

With this Statement, LOTS also is requesting that the OCI approve an expanded Certificate of Authority for BRIC, adding Credit Unemployment Insurance, Legal Expense Insurance and Miscellaneous lines of insurance to BRIC's Certificate of Authority.

## **ITEM 6. VOTING SECURITIES TO BE ACQUIRED**

LOTS will purchase from GCW 500,000 shares, par value \$5.00 per share, of BRIC common stock, which is all of BRIC's issued and outstanding capital stock. At closing of the Transaction, LOTS will pay to GCW \$600,000 as compensation for the 500,000 shares of BRIC common stock plus an amount equal to the statutory capital and surplus of BRIC, as of the date of closing as provided in Article II of the Stock Purchase Agreement (included with this Statement as **Exhibit A**).

As indicated above, GCW is selling BRIC essentially as a "shell company" without any business (all business having been transferred to or reinsured by GCW through the Loss Portfolio Agreement and administered by GCW under the Services Agreement). The parties, through arms-length negotiations, agreed upon the purchase price of BRIC based on the state licenses held by BRIC and the amount of statutory surplus in BRIC at closing of the Transaction. No fairness opinion was obtained.

## **ITEM 7. OWNERSHIP OF VOTING SECURITIES**

Neither LOTS nor any of its affiliates nor any person identified in Item 3 of this Statement have any right to acquire beneficial ownership in BRIC other than as described in the Introduction and in Item 6 of this Statement.

## **ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER**

Neither LOTS nor any of its affiliates nor any person identified in Item 3 of this Statement have any contracts, arrangements or understandings with respect to any voting security of BRIC other than as described in the Introduction and in Item 6 of this Statement.

## **ITEM 9. RECENT PURCHASES OF VOTING SECURITIES**

Neither LOTS nor any of its affiliates nor any person identified in Item 3 of this Statement has purchased any voting securities of the Insurers.

## **ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE**

Neither LOTS nor any of its affiliates nor any person identified under Item 3 of this Statement, nor anyone else based upon interviews or at the suggestion of LOTS, its affiliates or any person identified under Item 3 of this Statement, have made any recommendations to purchase any voting security of BRIC during the twelve calendar months preceding the filing of this Statement.

## **ITEM 11. AGREEMENTS WITH BROKER-DEALERS**

Fortegra, LOTS immediate parent company, contracted with broker-dealer Propel Advisory Group, Inc. to locate and inform Fortegra of available entities suitable to Fortegra for purchase and to facilitate the discussions between buyer and seller.

## **ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS**

Items (a) – (c): Following is a list of all exhibits, including audited financial statements, to this Statement:

Exhibit A – Stock Purchase Agreement and all exhibits and disclosure schedules to same.

Exhibit B – Tiptree Financial, Inc. and Fortegra Financial Corporation pre-Transaction organizational charts.



- Exhibit C – Fortegra Financial Corporation post-Transaction organizational chart.
- Exhibit D – List of Directors and Principal Officers of LOTS Intermediate Holding Company, Fortegra Financial Corporation, Caroline Holdings LLC, Tiptree Operating Company, LLC, Tiptree Financial Partners, L.P., and Tiptree Inc.
- Exhibit E – Biographical Affidavits for Directors and Officers listed in Exhibit D. This exhibit also includes all proposed officers and directors of BRIC as of closing of the Transaction. *LOTS requests confidential treatment with respect to the Biographical Affidavits and is filing them under separate cover.*
- Exhibit F – Plan of Operations. *LOTS requests confidential treatment with respect to this exhibit and is filing it under separate cover.*
- Exhibit G – Proposed Amended and Restated Articles of Incorporation and Bylaws of Blue Ridge Indemnity Company.
- Exhibit H – Proposed Administrative Services Agreement between Blue Ridge Indemnity Company and LOTSolutions, Inc.
- Exhibit I – Proposed Reinsurance Agreement between Blue Ridge Indemnity Company and LOTS Reassurance Company, Ltd.
- Exhibit J – Proposed Amendment One to Tax-Sharing Agreement and Tax-Sharing Agreement between Tiptree Inc. and its affiliated entities.
- Exhibit K – Statement of Investment Policy. *LOTS requests confidential treatment with respect to this exhibit and is filing it under separate cover.*
- Exhibit L – Three-Year Financial Projections for Blue Ridge Indemnity Company. *LOTS requests confidential treatment with respect to this exhibit and is filing it under separate cover.*
- Exhibit M – Audited Financial Statements as follows:
- Form 10-K for Fortegra Financial Corporation for years 2011 through 2013 (was a publicly traded company until 2014)
  - Annual Reports for Fortegra Financial Corporation for years 2014 and 2015 (subsidiary of Tiptree Inc.)

- Form 10-K for Tiptree Financial Inc. (now Tiptree Inc.) for 2014 and 2015 (includes Fortegra)
- Form 10-Q for Tiptree Financial Inc. (now Tiptree Inc.) for third quarter 2016

Exhibit N – Board resolutions for General Casualty Company of Wisconsin approving the Transaction.

Exhibit O – Board resolution for LOTS Intermediate Company approving the Transaction.

Exhibit P – Form E, Pre-Acquisition Notification Statement of the Potential Competitive Impact of a proposed Merger or Acquisition. *The Applicants are requesting confidential treatment with respect to the form E and are filing the Form E under separate cover.*

### **ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT**

Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within fifteen (15) days after the end of the month in which the acquisition of control occurs.

(signature page to follows)

**ITEM 14. SIGNATURE AND CERTIFICATION**


Signature and certification required as follows:

SIGNATURE –

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, LOTS Intermediate Co. has caused this application to be duly signed on its behalf in the city of Jacksonville and state of Florida on the day of 13, January, 2017.

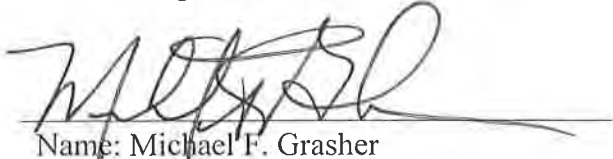
(SEAL)

LOTS Intermediate Company

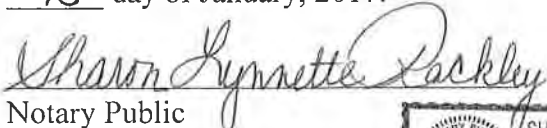
By:   
Name: Michael F. Grasher  
Title: EVP & Chief Financial Officer

Attest:   
Name: Craig S. Hart  
Title: Vice President – Regulatory Affairs

The undersigned deposes and says that he has duly executed the attached application dated January 13, 2017, for and on behalf of LOTS Intermediate Co.; that he is the EVP & Chief Financial Officer of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

  
Name: Michael F. Grasher  
Title: EVP & Chief Financial Officer

Subscribed and sworn to this  
13 day of January, 2017.

  
Notary Public

My commission expires on:



