

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

FILED

SEP 19 2012

In re: Form A - Acquisition of Control of
Granite Re, Inc. by Michael J. Douglas, an
individual.

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Case No. 12-0718-TRN

INSURANCE COMMISSIONER
OKLAHOMA

ORDER

On the 19th day of September, 2012, the above matter came for hearing and review by the Oklahoma Insurance Commissioner through his duly appointed Hearing Examiner.

The Applicant was represented by J. Angela Ables of the law firm of Kerr, Irvine, Rhodes and Ables, Oklahoma City, Oklahoma and the Oklahoma Insurance Commissioner was represented by Kelley C. Callahan, Senior Attorney. The Honorable Leamon Freeman was appointed by the Honorable John Doak, Oklahoma Insurance Commissioner, for the purpose of acting as Hearing Officer and making all determinations pertinent to the acquisition of control of Granite Re, Inc., an Oklahoma domestic property and casualty insurer. John W. McCarter, Chief Financial Analyst of the Commissioner's Office, appeared and testified on behalf of the Financial Division of the Oklahoma Insurance Department. Kenneth D. Whittington, President of Granite Re, Inc. and an individual "control person" appeared to testify as to the information contained in the Form A Statement which was the subject of the Hearing.

The Hearing Officer, having reviewed the Form A and all documentation relating thereto, received evidence and being fully advised in the premises, finds as follows:

JURISDICTION

1. That the Oklahoma Insurance Commissioner has jurisdiction of this matter pursuant to the provisions of the Oklahoma Insurance Code, 36 O.S. § 1651, the Oklahoma Administrative Code 365:25-7-20 et seq. and the Administrative Procedures Act, 75 O.S. Section 250 et seq.

2. That the Hearing Examiner was properly appointed pursuant to the provisions of the Administrative Procedures Act, the Oklahoma Administrative Code and the Oklahoma Insurance Code, specifically 36 O.S. 2009 §§ 313 and 319, and Article 16 A of Title 36 in conformance with the applicable statutes and rules and regulations of the Oklahoma Insurance Commissioner.

FINDINGS OF FACT

1. That Michael J. Douglas ("Applicant") filed a Form A Acquisition Statement with the Oklahoma Insurance Commissioner on or about August 1, 2012, for the purpose of receiving approval to be approved as a "control" person of Granite Re, Inc. due to the acquisition of 4.3414% interest in RRRF, LLC, the holding company of Granite Re, Inc. bringing his total ownership in the holding company to 14.00%.

2. That the address of the Applicant is as follows:

Home Address: 687 Cottage Lane, Hudson, Wisconsin 54016

Principal Office Address: 687 Cottage Lane, Hudson, Wisconsin 54016

3. That the proposed acquisition of the Oklahoma domestic insurer will be effected pursuant to a sale of membership units by the family of Rodman Frates, deceased, and an acquisition of certain units by the remaining holders of membership units in RRRF, LLC, the holding company of Granite Re, Inc., including Mr. Douglas whose membership units will surpass the rebuttable presumption of control set forth at 36 O.S. Section 1651.

4. That post-acquisition, the Oklahoma insurer will continue to operate in the same manner as it does presently and no change in officers or directors will occur.

5. That the Oklahoma domestic insurer has a present home office address of 14001 Quailbrook Drive, Oklahoma City, Oklahoma 73134.

6. That the Applicant herein filed a sworn biographical affidavit and had same verified by a third party verification service who reported directly to the Oklahoma Insurance Commissioner's Office of its findings.

7. That testimony at the Hearing was that the consideration for the sale and acquisition of the units acquired by Mr. Douglas in the holding company described in the Form A Statement was one million one hundred fifty one thousand and twenty four dollars (\$1,151,024.00).

8. That prior to this Form A Statement and hearing, the ownership of the holding company was as follows:

9. That after the acquisition described in the Form A, the Applicants would hold approximately the following interests in RRRF, LLC, the holding company of the insurer:

Jonathan Pate	39.73%
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Frates Family, LLC	24.73%
Kenneth D. Whittington	21.69%
Michael J. Douglas	9.66%
Galen T. Pate	2.41%
Mark Schlegel	0.56%
Bradley Tollefson	0.47%
Steven P. Blake	0.37%
Kyle P. McDonald	0.37%

10. That the only individual exceeding the ten percent (10%) rebuttable presumption of control who has not previously been approved as a "control" person is Michael J. Douglas whose ownership interests will increase to 14.00%.

11. That the proposed ownership of the holding company, post-transaction, will be as follows:

Jonathan H. Pate	39.73%
Kenneth D. Whittington	21.69%
Frates Family, LLC	20.39%
Michael J. Douglas	14.00%
Galen T. Pate	2.41%
Mark Schlegel	0.56%
Bradley Tollefson	0.47%

Steven P. Blake 0.37%

Kyle P. McDonald 0.37%

12. That testimony at the Form A Hearing and other information submitted by Applicant indicated that Mr. Douglas had ~~never~~ ^{KE} been the subject of a criminal or regulatory proceeding.

13. That the financial statements of the Applicant reflected a net worth in excess of \$5.6 million dollars.

CONCLUSIONS OF LAW

1. That Applicant has complied with the provisions of the Oklahoma Insurance Holding Company Act, 36 O.S. 2008 §1651 et seq. That the Hearing was held pursuant to the Administrative Procedures Act, 75 O.S. § 250 et seq., the Oklahoma Insurance Code, 36 O.S. § 101 et seq. and the promulgated Rules and Regulations of the Oklahoma Insurance Commissioner.

2. That the Oklahoma Insurance Commissioner has jurisdiction of this matter pursuant to 36 O.S. § 1651 et seq.

3. That the Applicant was given lawful Notice of Hearing on September 11, 2012, setting the date, time, place and location of the Hearing.

4. That Waivers of Notice of Hearing were filed by the Applicant herein. Waivers were also filed by Granite Re, the Oklahoma domestic insurer and its parent holding company, RRRF, Inc.

5. That the Hearing was recorded electronically by members of the Oklahoma Insurance Commissioner's staff pursuant to the Administrative Procedures Act and a full stenographic record

was requested by the Applicant which the Hearing Examiner designated as the official record of the Hearing.

6. That both the Insurance Commissioner's office and the Applicant attended the Hearing, made arguments, presented testimony and stated that they had nothing further to submit to the Hearing Examiner.

7. That based upon a preponderance of the evidence submitted at the Hearing, the Hearing Officer finds that no evidence was submitted that after the proposed acquisition, the Oklahoma domestic insurer, Granite Re, Inc. would not be able to satisfy the requirements for the issuance of a license to write the line or lines of business for which it is presently licensed.

8. That no evidence was submitted that the transactions described in the Form A filing would substantially lessen competition or tend to create a monopoly in the State of Oklahoma.

9. That no evidence was submitted that the financial condition of the Applicant was such that it would jeopardize the interests of present or future policyholders of Granite Re, Inc.

10. That the terms of the acquisition are fair and reasonable based upon the information contained in the Form A Statement as filed with the Insurance Commissioner and testified to at the Hearing.

11. That the future plans the Applicant intends for the Oklahoma domestic insurer appears to be fair and reasonable and in the public interest based upon the information contained in the Form A Statement as filed with the Insurance Department and as testified at the Hearing.

12. That no evidence was submitted that the competence, experience and integrity of the person who will control the insurer post acquisition is such that the interests of the public, or future policyholders of the domestic insurer, will be affected adversely by the transactions described herein.

ORDER

THEREFORE, no criteria for disapproval specified in 36 O.S.2008 §1653(d) (1) having been found, **IT IS HEREBY ORDERED** that the Application of Michael J. Douglas to acquire Granite Re, Inc., is hereby **APPROVED** effective as of the date of the Hearing.

WITNESS MY HAND and official seal this 19th day of September, 2012.



**JOHN DOAK
INSURANCE COMMISSIONER
STATE OF OKLAHOMA**

By Leamon Freeman
Leamon Freeman, Esq.
Hearing Officer

APPROVED AS TO FORM:

Kelley C. Callahan
Kelley C. Callahan, Esq.
Senior Attorney
Oklahoma Insurance Commissioner's Office

J. Angela Ables
J. Angela Ables, Esq.
Kerr, Irvine, Rhodes and Ables
Attorney for Applicant

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the foregoing Order was mailed on the 19th day of September, 2012, postage pre-paid to the following:

J. Angela Ables
Attorney for Applicant
Kerr, Irvine, Rhodes and Ables, P.C.
201 Robert S. Kerr, Suite 600
Oklahoma City, Oklahoma 73102


Kelley C. Callahan, Senior Attorney
Oklahoma Insurance Commissioner's Office