

SEP 15 2015

FILED

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

IN THE MATTER OF THE) FINDINGS OF FACT, CONCLUSIONS
ACQUISITION OF CONTROL OF) OF LAW, AND ORDER
ABILITY INSURANCE COMPANY)
) CAUSE NO.: C-2160

On July 7, 2015, Wealth Protection Specialists, LLC, (“Applicant”) filed an application (“Form A”) seeking approval to acquire control of Ability Insurance Company, a Nebraska domestic insurer. The application was filed, and supplemented, pursuant to the Insurance Holding Company System Act, Neb. Rev. Stat. §§ 44-2120 to 44-2153. A Notice of Public Hearing was issued on August 20, 2015.

On September 14, 2015, a public hearing was held at the Nebraska Department of Insurance (“Department”). Director of the Nebraska Department of Insurance, Bruce R. Range presided over the hearing. A licensed court reporter/Notary Public was present and transcribed the hearing. Christine Neighbors, Deputy Director and General Counsel, and Justin Schrader, Chief Financial Examiner, represented the Department.

Applicant was present and represented by John P. Grant. Applicant presented testimony in favor of the acquisition through Daniel Cathcart, Sole Member of Applicant, and Kenneth King, ultimate controlling person of Ability. Exhibits were offered by Applicant and by the Department, and received into the record. Applicant provided Ability with notice of the hearing as set forth in Neb. Rev. Stat. § 44-2127(2). No testimony or documentary evidence was offered in opposition to the proposed acquisition.

On the basis of the filings, correspondence and information provided to the Department, the Director approves the application and finds, concludes, and recommends as follows:

FINDINGS OF FACT

1. On July 7, 2015, the Department received a verified Form A from the Applicant for approval to acquire control of Ability through an Installment Purchase Agreement. The application and subsequent supplements were filed pursuant to the Insurance Holding Company System Act, Neb. Rev. Stat. §§ 44-2120 to 44-2153, specifically § 44-2126. The Installment Purchase Agreement will result in Applicant gaining control of Ability as control is defined in the Act.
2. Ability is a domestic insurer organized under and governed by the laws of the State of Nebraska. Ability obtained its Certificate of Authority to transact the business of life and health insurance in this state on October 6, 1967. Ability is currently a wholly owned subsidiary of Advantage Capital Holdings LLC and an indirect subsidiary of Advantage Capital Partners LLC with the ultimate control resting with Kenneth King.
3. Applicant is a Connecticut limited liability company formed in 2005 with Daniel Cathcart (“Cathcart”) as its sole member. The entity was dormant for a period of time after its organization, but was reinstated as an active Connecticut limited liability company in 2014. Cathcart is a Director for Ability Insurance Company and is currently Chief Executive Officer for Atlantic Coast Life Insurance Company, a South Carolina domiciled insurer within the Advantage Capital Holdings group of insurers.

4. Cathcart, through Applicant, owns 24% of Atlantic Coast Life Insurance Company as approved by the South Carolina Department of Insurance. In addition, Cathcart in his individual capacity owns 5% Restricted Membership Units of Advantage Capital Partners LLC, the intermediate holding company, vesting in 2018.

5. On June 5, 2015, Applicant and CIGUSAH, Inc., a Nevada corporation, entered into an Installment Purchase Agreement which provides for the sale of 9,800 membership units of Advantage Capital Holdings LLC by CIGUSAH, Inc., to Applicant for the amount of \$2,000,000 or \$204.08 for each unit. The units will be sold over time from approximately September 30, 2015 through September 30, 2021, resulting in divesting Ian Kilpatrick, President of CIGUSAH, Inc., of his ownership interest in Advantage Capital Holdings LLC. A schedule of anticipated transactions with dates and payment amount is listed in Exhibit A to the Form A filing.

6. Applicant's purchase of the CIGUSAH, Inc., shares in addition to the 24% ownership in Atlantic Coast Life Insurance Company and the 5% Restricted Membership Units owned by Applicant's controlling person and sole member, Cathcart, will result in Cathcart controlling approximately 13.8% of Ability Insurance Company over time.

7. Cathcart testified that he does not have any other agreements to acquire additional shares of Advantage Capital Holdings LLC or Advantage Capital Partners LLC, except for the agreements filed as exhibits to the Form A.

8. Applicant has filed all the documents and information required by law and requested by the Department.

CONCLUSIONS OF LAW

1. The Department and Director have jurisdiction over the subject matter of this proceeding.
2. On the basis of the materials filed, correspondence received and evidence presented at the hearing, the Director concludes as follows:
 - a. After the acquisition, Ability Insurance Company will satisfy the requirements for a Certificate of Authority to conduct business of insurance in the State of Nebraska and write the lines of insurance for which it is presently licensed.
 - b. The effect of the acquisition will not substantially lessen the competition in insurance in the State of Nebraska nor tend to create a monopoly therein nor violate the laws of the State of Nebraska.
 - c. The financial condition of Applicant is such that it would not jeopardize the financial stability of Ability Insurance Company or prejudice the interest of the policyholders of Ability Insurance Company.
 - d. The Applicant has no plans or proposals to liquidate Ability Insurance Company, to sell the assets of Ability Insurance Company without the approval of the Department, to consolidate or merge Ability Insurance Company with any person or persons without approval of the Department, or to make any other material change in the business operations or corporate structures or management which would be unfair and unreasonable to policyholders of Ability Insurance Company and not in the public interest.
 - e. The competence, experience and integrity of those persons who would control the operation of Ability Insurance Company are such that it would be in the interest of the policyholders of Ability Insurance Company and the public to allow the acquisition.
 - f. Applicant is not subject to the provisions of Neb. Rev. Stat. § 44-6115 under the Demutualization Act; and
 - g. The acquisition of control is not likely to be hazardous or prejudicial to the public.

ORDER

IT IS THEREFORE ORDERED that Applicant is approved to acquire the 9,800 membership units of Advantage Capital Holdings LLC as provided in the Installment Purchase Agreement entered into on June 5, 2015, by Applicant and CIGUSAH, Inc.

FURTHER, the acquisition of the CIGUSAH, Inc., membership units plus the additional 5% Restricted Membership units in Advantage Capital Partners LLC owned by Cathcart in his individual capacity will bring the percentage under Cathcart's control to approximately 13.8%. Cathcart and Applicant are prohibited from increasing ownership above 13.8% without further review by the Department.

Dated this 15 day of September, 2015.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



BRUCE RAMGE
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Order was sent to John P. Grant, Attorney at Law, Grant Law Offices, PC, 3717 Harney Street, Omaha, NE 68131 by U.S. Mail, postage prepaid, on this 16 day of September, 2015.

