

**BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA**

In Re: :

Application of Tyler Hudson, John M. :  
Hudson as Trustee of the John M. :  
Hudson Revocable Trust, JM Hudson :  
Investments, LLC and Hudson Partners, :  
LP in Support of the Request for :  
Approval to Increase their Percentage of :  
Control of Synergy Comp Insurance :  
Company :

Pursuant to Sections 1401, 1402  
and 1403 of the Insurance Holding  
Companies Act, Article XIV of the  
Insurance Company Law of 1921, Act  
of May 17, 1921, P. L. 682, as  
amended, 40 P.S. §§ 991.1401,  
991.1402 and 991.1403

DECISION AND ORDER

AND NOW, on this \_23rd\_ day of August, 2024, Michael Humphreys, Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

**Identity of Parties**

Identity of PA Domestic Insurer

1. Synergy Comp Insurance Company (“Synergy”) is a stock casualty corporation organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Sharon, Pennsylvania.
2. Synergy has been licensed in the Commonwealth of Pennsylvania since July of 2006 to operate as a casualty company.

3. Synergy Holdings, Inc. (“SHI”) is a domestic insurance holding company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Sharon, Pennsylvania. SHI owns 100% of the voting securities of Synergy.
4. The Lew G. Kachulis 2011 Revocable Trust (“2011 Trust”) is a trust fund organized under the laws of the Commonwealth of Pennsylvania. 2011 Trust owns 33.886% of the voting securities of SHI.
5. Lew G. Kachulis (“Mr. Kachulis”) is an individual with his principal place of business located in Sharon, Pennsylvania. Mr. Kachulis is trustee for the 2011 Trust, and as such, controls 100% of the voting power of the 2011 Trust.
6. The Lew G. Kachulis 2012 Irrevocable Trust (“2012 Trust”) is a trust fund organized under the laws of the Commonwealth of Pennsylvania. 2012 Trust owns 14.637% of the voting securities of SHI.
7. The voting power of the 2012 Trust is 100% controlled by an Advisor Committee. Mr. Eugene Becker (“Mr. Becker”) is an individual who serves as a member of the Advisor Committee for the 2012 Trust. Eric Brown and Thomas Kachulis were the other two members of the Advisor Committee of the 2012 Trust. Eric Brown resigned from the Advisor Committee of the 2012 Trust on December 31, 2023 and Thomas Kachulis is now deceased. Thus, there are currently two vacancies on the Advisor Committee of the 2012 Trust.
8. Mr. Kachulis is an ultimate controlling person of Synergy.

#### Identity of Applicants

9. Mr. Tyler Hudson (“Mr. T. Hudson”) is an individual with his principal place of business in Hermitage, Pennsylvania. Mr. T. Hudson currently owns 0.29% of the voting securities of SHI. Mr. T. Hudson is the son of John M. Hudson (“Mr. J. Hudson”).
10. John M. Hudson Revocable Trust (“JMH Trust”) is a trust fund organized under the laws of the Commonwealth of Pennsylvania. Mr. J. Hudson is an individual with his principal place of business in Hermitage, Pennsylvania. Mr. J. Hudson is trustee for the JMH Trust, and as such, controls 100% of the voting power of the JMH Trust. JMH Trust owns 1.72% of the voting securities of SHI.
11. JM Hudson Investments, LLC (“JMHI LLC”) is a limited liability company organized under the laws of the Commonwealth of Pennsylvania. Mr. J. Hudson is the manager and sole member of JMHI LLC. JMHI LLC owns 1.46% of the voting securities of SHI.
12. Hudson Partners, LP (“HPLP”) is a limited partnership organized under the laws of the Commonwealth of Pennsylvania. The ownership structure of HPLP is as follows: 1% owned by HVH Associates, LLC (general partner); 83.16% owned by JMH Trust (limited

partner); 7.92% owned by Susan D. Hunter Revocable Trust (limited partner); and 7.92% owned by Eric J. Hunter Revocable Trust (limited partner). HPLP owns 8.75% of the voting securities of SHI.

13. Mr. T. Hudson, JMH Trust, JMHI LLC, and HPLP are collectively the Applicants.
14. Applicants are related family members and/or affiliated entities with direct and indirect collective ownership interests in SHI.
15. Upon completion of the transactions, Applicants will become ultimate controlling persons.

### **Acquisition Filing**

16. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1922, P.L. 682, as amended, 40 P.S. §§ 991.1401 et seq. (“Insurance Holding Companies Act”), provides that all changes in control of domestic insurers must be filed with the Commissioner for approval or disapproval.
17. On November 16, 2023, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an application (which together with all material received subsequently is hereinafter referenced as “Application”) from Applicants for approval to increase their percentage of control of SHI.
18. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

### **Department Procedures**

19. On December 16, 2023, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by Applicants and such notice invited interested persons to submit comments to the Department regarding the Application for 30 days following the date of the publication (“Comment Period”).
20. The Department received no comments regarding the Application during the Comment Period.

### **Description of the Proposed Acquisition**

21. As described in the Application, on September 30, 2016 Applicant JMHI LLC acquired 100,000 shares of SHI from Berry Hill Investments, LLC in exchange for \$150,000.
22. As described in the Application, Mr. T. Hudson seeks to acquire 10,000 shares of SHI voting stock from Mr. Brown and his wife Ms. Jennifer M. Brown in exchange for payment of \$60,200.00.

23. As described in the Application, JMHI LLC seeks to acquire 41,900 shares of SHI voting stock from Mr. Brown in exchange for payment of \$252,238.00.
24. As described in the Application, the source of funds for both transactions would be cash.
25. As described in the Application, upon completion of the transactions the Applicants will collectively own 13.02% of the voting stock of SHI.

### **Standards for Review**

26. Section 1402(f)(1) of the Insurance Holding Companies Act establishes the standards for approval of an application for a change in control of a domestic insurer.
27. An application for a change in control must be approved unless the Department finds any one of certain enumerated conditions to be present.

### Licensing Requirements

28. When analyzing an application for change in control under Section 1402 of the Insurance Holding Companies Act, the Commissioner reviews the requirements for continued licensure of the domestic insurer being acquired.
29. Specifically, the Department reviews whether the domestic insurer 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 after the acquisition.
30. The lines of insurance for which an insurance company may be incorporated and become licensed to write are set out in Section 202 of the Insurance Company Law (40 P.S. §382).
31. The minimum paid up capital stock and paid in surplus required of a stock insurer for each line of insurance is set out in Section 206 of the Insurance Company Law (40 P.S. §386).
32. In accordance with Section 206 of the Insurance Company Law (40 P.S. § 386), Synergy is required to maintain a minimum paid up capital stock of \$750,000 and a minimum paid in surplus of \$375,000 to write the line of insurance for which it is presently licensed.
33. Upon completion of the Acquisition, Synergy will have the statutory minimum paid up capital stock and paid in surplus to satisfy the requirements to write the line of insurance for which it is presently licensed.

### Competitive Impact

34. The acquisition of control of a domestic insurer is subject to review and analysis under Section 1402(f)(1)(ii) of the Insurance Holding Companies Act to determine whether the effect of the acquisition of control would be to substantially lessen competition in this Commonwealth or tend to create a monopoly therein, as per 40 P.S. § 991.1402(f)(1)(ii) (the “competitive standard”).
35. The proposed acquisition of control qualifies for the exemptions set forth in Section 1403(b)(2)(iii) of the Insurance Holding Companies Act for all lines of business as contained in the annual statement required to be filed by insurers licensed to do business in this Commonwealth.
36. The acquisition of control of Synergy will not lessen competition or tend to create a monopoly in the Commonwealth because there is no increase in market shares as a result of the transactions.

#### Financial Condition of Applicant

37. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the financial condition of the acquiring person(s).
38. The Department has reviewed the financial information submitted by Applicants.
39. The Department does not find that the financial condition of Applicants is such that it might jeopardize the financial stability of Synergy or prejudice the interests of policyholders.

#### Plans for the Acquired Insurer

40. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the plans or proposals which the acquiring party has for the insurer.
41. In particular, the Department reviewed the plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, to determine whether it is:
  - a) Unfair or unreasonable;
  - b) Fails to confer a benefit upon policyholders; or
  - c) Not in the public interest.

42. As stated in the Application, Applicant has no plans or proposals to cause Synergy to declare an extraordinary dividend, liquidate Synergy, sell Synergy's assets to or merge it with any other persons, or to make any other change to Synergy's business operations or corporate structure or management.
43. There is no basis in the record from which it may be concluded that the plans or proposals which the acquiring party has for the insurer are unfair or unreasonable or fails to confer a benefit upon policyholders or are not in the public interest.

#### Management

44. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the competence, experience and integrity of the persons who will control the operations of the acquired insurer.
45. Biographical affidavits for the Applicants were reviewed by the Department.
46. The Department is satisfied that the persons who would control the operations of Synergy have such competence, experience and integrity that the interests of policyholders and the public would not be jeopardized.

#### Hazardous or Prejudicial to Insurance Buying Public

47. When analyzing an application for an acquisition of control involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Department evaluates whether the merger, consolidation or other acquisition of control is likely to be hazardous or prejudicial to the insurance buying public.
48. There is no indication that the projected future business of Applicants would impose a financial burden upon policyholders.
49. Likewise, there is no indication that the transaction will result in the company being in impaired financial condition.
50. Nor is there a threat regarding the ability of policyholders to enforce their insurance contracts.
51. There is insufficient evidence in the record from which it may be concluded that the acquisition will likely be hazardous or prejudicial to the insurance buying public.

#### Compliance with the Pennsylvania Laws

52. When analyzing an application for an acquisition of control involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Department reviews

the transaction to determine whether the merger, consolidation or other acquisition of control is not in compliance with the laws of this Commonwealth.

53. The Department has evaluated the transaction as set forth by the Application as to whether it is in compliance with the laws of Pennsylvania.
54. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

### CONCLUSIONS OF LAW

1. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the change in control of Synergy.
2. Under Section 1402 of the Insurance Holding Companies Act, the Department must approve an application for a change in control unless the Department has found that:
  - a) The insurer will not be able to satisfy the requirements for the issuance of a license to operate the line or lines of business for which they are presently licensed;
  - b) The change in control will substantially lessen competition in insurance in this Commonwealth or tend to create a monopoly therein;
  - c) The financial condition of the acquiring company is such as might jeopardize the financial stability of the insurer or prejudice the interests of its policyholders;
  - d) Any plans to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make material changes in its business or corporate structure or management are unfair and unreasonable to policyholders of the insurers and not in the public interest;
  - e) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders and the general public to permit the acquisition of control;
  - f) The acquisition is likely to be hazardous or prejudicial to the insurance buying public; or
  - g) The acquisition of control is not in compliance with the laws of this Commonwealth.
3. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner has not found that any of the above conditions are present with respect to the change in control

of Synergy.

4. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.



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Revocable Trust, JM Hudson : Companies Act, Article XIV of the  
Investments, LLC and Hudson Partners, : Insurance Company Law of 1921, Act  
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Approval to Increase their Percentage of : amended, 40 P.S. §§ 991.1401,  
Control of Synergy Comp Insurance : 991.1402 and 991.1403  
Company

Order No. ID-RC-24-08-02

ORDER

Upon consideration of the foregoing, the Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) hereby makes the following Order:

The application of Tyler Hudson, John M. Hudson as Trustee of the John M. Hudson Revocable Trust, JM Hudson Investments, LLC and Hudson Partners, LP (“Applicants”) in support of the request for approval to increase their percentage of control of Synergy Comp Insurance Company (“Synergy”) as set forth in the application, is hereby approved, subject to this Order and the following condition:

1. Applicant John M. Hudson is hereby an approved controlling party individually in his role as Trustee and otherwise.
2. Applicant is required to maintain compliance with all applicable Insurance Laws. Any future proposed change of control (including change of designated Trustee, change to the authority of a Trustee, or other acquisition of control as defined in 40 P.S. § 991.1401) may not occur without prior and explicit approval of the Insurance Commissioner irrespective of whether the party is an unnamed successor trustee identified in supporting documents.
3. The Department reserves the right to review any and all party(ies) in a position of control of the domestic insurer whether or not the party(ies) have previously received explicit written disclaimer of control, to verify whether the facts and qualifications of the disclaimer, if any, remain valid absent material change.

4. Applicant shall provide to the Department a list of closing documents within five (5) days after consummation of the subject transaction and shall maintain the listed documents and make them available to the Department for a period of not less than five (5) years from the date of consummation.

This Order is effective immediately and valid for three (3) months, provided no material changes are made to the transaction prior to consummation. This three-month conditional approval to execute the transaction does not apply to any condition prescribed by the Department in the Order.



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Michael Humphreys  
Insurance Commissioner  
Commonwealth of Pennsylvania