

**REPORT ON EXAMINATION**  
**OF**  
**ADVENT INSURANCE COMPANY**  
  
**AS OF JANUARY 7, 2009**

Karen Weldin Stewart, CIR-ML  
Commissioner



Delaware Department of Insurance

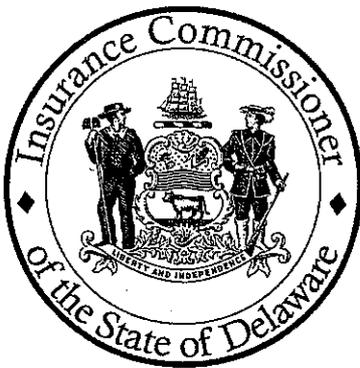
I, **Karen Weldin Stewart**, Insurance Commissioner of the State of Delaware, do hereby certify that the attached **Report On Examination**, made as of **January 7, 2009**, of the

**ADVENT INSURANCE COMPANY**

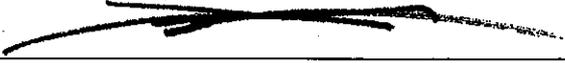
is a true and correct copy of the document filed with this Department.

Attest By: *William P. White*

Date: 28 April 2009



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 13th day of March, 2009.

  
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Karen Weldin Stewart, CIR-ML  
Insurance Commissioner

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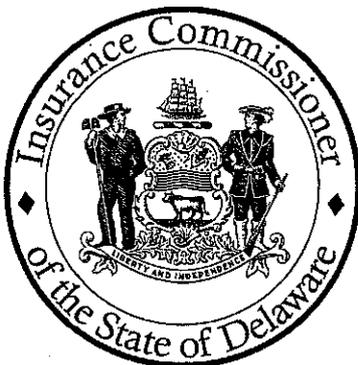
Delaware Department of Insurance

**REPORT ON EXAMINATION**  
OF THE  
**ADVENT INSURANCE COMPANY**  
AS OF  
**JANUARY 7, 2009**

The above captioned Report was completed by examiners of the Delaware Insurance Department.

Consideration has duly been given to the comments, conclusions, and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted, and filed as an official record of this Department.



*In Witness Whereof*, I have hereunto set my hand  
and affixed the official seal of this Department at the  
City of Dover, this 13th day of March, 2009.

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Karen Weldin Stewart, CIR-ML  
Insurance Commissioner

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February 28, 2009

Honorable Karen Weldin Stewart, CIR-ML  
Insurance Commissioner  
State of Delaware  
Rodney Building  
841 Silver Lake Boulevard  
Dover, Delaware 19901

Dear Commissioner:

In compliance with instructions contained in Certificate of Authority No. 08.122, an examination has been made of the affairs, financial condition and management of the

**Advent Insurance Company**

hereinafter referred to as “Advent” or “Company”, incorporated under the laws of the State of Delaware as a pure captive.

The report of such examination is respectfully submitted herewith.

## **SCOPE OF EXAMINATION**

This is an organizational examination the purpose of which is to determine if Advent has satisfied the qualifications to be granted a certificate of authority under Chapter 69, Captive Insurance Companies of the Delaware Insurance Code. In particular, the examination tested compliance with Section 6903, License Application; Certificate of Authority and Section 6905, Minimum Capital and Surplus; Letter of Credit.

## **HISTORY**

Advent was incorporated in the State of Delaware on December 4, 2008. The purpose of the Company is fourfold:

- to conduct an insurance business and to make insurance as described in Sections 902, 903, 904, 906 and 907 of the Delaware Insurance Code.
- to reinsure risks pursuant to Section 901 of the Delaware Insurance Code
- to exercise all powers and privileges conferred in the Delaware Insurance Code on pure captive insurers
- to carry on any other business activities incidental to such kinds of insurance and reinsurance. The Company shall have full authority to cede reinsurance of any risks taken by it and to assume by way of reinsurance risks taken by other insurers or reinsurers.

The Company's Certificate of Incorporation states that the total of the Company's authorized capital stock is 1,000 shares, with no par value. Advent's incorporator was P. Bruce Wright, of the firm of Dewey & LeBoeuf LLP, 1301 Avenue of the Americas, New York, N.Y.

The Company's registered address is 1209 N. Orange Street, Wilmington, DE. The name of the registered agent at such address is The Corporation Trust Company

**MANAGEMENT AND CONTROL**

As per Article 4.3 of the Company's Certificate of Incorporation, the following individuals were elected to Advent's Board of Directors

<u>Name</u>	<u>Address</u>
Eleanor Yandle	200 Corporate Blvd. Lafayette, LA.
Timothy Daly	200 Corporate Blvd. Lafayette, LA.
Martin Fletcher, Jr.	1220 North Market Street Wilmington, DE.
Daniel Griffith	1220 North Market Street Wilmington, DE.

By Unanimous Consent of the Board of Directors, taken December 4, 2008, the following officers were elected:

<u>Name</u>	<u>Position</u>
Timothy Daly	President
Mark Thorson	Vice President and Treasurer
Eleanor Yandle	Vice President and Secretary

Also on December 4, 2008, the Board of Directors took or approved the following actions:

- Accepted the subscription of Vision Logistics Holding Corp. for 1,000 shares of the Company's common stock in exchange for \$3,000,000 in cash and a \$1,000,000 Letter of Credit.
- Adopted By-Laws
- Approved the Company entering into a Management Agreement with Aon Insurance Managers (USA).

- Approved the Company entering into a Service Agreement with Vision Administrative Services, LLC.
- Authorized the officers of the Company to take the necessary steps to obtain the authority to conduct insurance business in any state where such authority is necessary.

### **TERRITORY AND PLAN OF OPERATION**

As disclosed in the Company's Strategic Business Plan:

On April 23, 2008, the private equity firm Welsh, Carson, Anderson and Stowe acquired four of the leading providers of land transportation services to the U.S. energy industry:

Ace Transportation, LLC (Ace)  
Dynasty Transportation, LLC (Dynasty)  
Venture Transport Logistics, LLC (Venture)  
Texas Hot Shot

As of June 9, 2008, the new corporate company name for the four above companies became Vision Logistics Holding Corp.

Ace and Dynasty are leading providers of land transportation services to the U.S. oil and gas industries, and utilize terminals located primarily along the U.S. Gulf Coast. Ace, Dynasty and Venture utilize Independent Owner Operators (IOOs) to deliver oilfield equipment, pipe and other time-sensitive products needed in the oil and gas exploration industry. Ace is headquartered in Lafayette, LA and operates 1,850 power rigs and utilizes 75 terminals. Dynasty operates 520 power units and utilizes 29 terminals. Venture is also located in Lafayette, LA and operates 1,450 power units and utilizes 60 terminals. Texas Hot Shot operates 200 power units.

Vision Logistics Holding Corp. (VLHC) wishes to bring the four providing companies together for the purchase of insurance, utilizing an insurer (Zurich Insurance Company) to

participate in the insurance program and reinsuring the more predictable lower layer of all claims to Advent, and utilize risk management to lower the frequency of claims.

Advent will initially reinsure Zurich for an IOO program that will cover Ace, Dynasty and Venture. The Texas Hot Shot insurance programs renew in May, 2009 and will be added to the Zurich program once appropriate underwriting is performed.

Zurich will retain the responsibility to make all claim payments, and will seek reimbursement from Advent. Security to Zurich will be in the form of a trust agreement.

Advent will underwrite the exposures that the IOOs are either contractually or statutorily required to purchase: namely Workers Compensation, where Advent will reinsure the first \$500,000 of exposure; Non-Trucking Liability insurance coverage for “off work” liabilities, for a maximum of \$1,000,000; and Auto Physical Damage, for damage to leased trucks or trailers, for a maximum value of \$150,000.

Vision Administrative Services LLC will provide Safety, Risk Management and Consulting Services.

As part of the purchase of the four transportation entities noted above, the stock of Advent was pledged by the parent, Vision Logistics Holding Corp., to General Electric Capital Corporation, the principal financier of the purchase.

**FINANCIAL STATEMENTS**

The Company's financial position as of January 7, 2009 is presented in the following statement, as provided by the Company:

<b><u>ASSETS</u></b>		Note
Cash and cash equivalents	\$3,000,000	1
Letter of Credit	<u>1,000,000</u>	1
Total Assets	<u>\$4,000,000</u>	

**LIABILITIES**

None

Total Liabilities	\$_____0
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**CAPITAL AND SURPLUS**

Common Capital Stock	\$3,000,000
Contributed Surplus	<u>1,000,000</u>
Shareholders' Equity	<u>\$4,000,000</u>
Total Liabilities and Equity	<u>\$4,000,000</u>

Note: Normally, the examination would accrue an amount for start-up expenses. However, since captive insurers in Delaware are permitted to report on a GAAP basis, most captive insurers capitalize the start-up costs with no diminution of Policyholders Surplus.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Note #1 Cash and Letter of Credit.**

The examination confirmed the existence of a Letter of Credit issued by Wachovia Bank National Association in the amount of \$1,000,000, effective December 31, 2008, naming the Commissioner of Insurance, State of Delaware, as the Beneficiary.

The examination also confirmed Advent's cash balance of \$3,000,000 with no exceptions noted.

### **Note #2 Capital and Surplus accounts**

Section 6905 (a) (1), Minimum capital and surplus; letter of credit, states that in the case of a pure captive insurance company, the minimum capital and surplus shall be \$250,000. Section 6905 (c) states that the minimum capital and surplus may be in the form of cash and/or a letter of credit from a bank approved by the Commissioner.

As per the Company's Certificate of Incorporation, the authorized capital stock is 1,000 shares of no par value common stock. On December 4, 2008, the Company's Board of Directors accepted an offer to issue 1,000 shares of common stock to Vision Logistics Holding Corporation for a consideration of \$3,000,000 in cash and a \$1,000,000 Letter of Credit.

## **RECOMMENDATIONS**

The examination will offer no recommendations.

## **SUMMARY COMMENTS**

This organizational examination was conducted in conjunction with Advent's application to be granted a certificate of authority under Chapter 69, Captive Insurance Companies of the Delaware Insurance Code. As per the financial statement included in this report, as of January 7,

2009, Advent Insurance Company is in compliance with the minimum capital and surplus requirements of the Delaware Insurance Code.

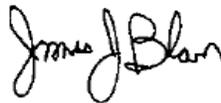
**CONCLUSION**

The following schedule shows the results of this examination:

<u>Description</u>	<u>Examination</u>
Assets	\$4,000,000
Liabilities	\$ 0
Shareholders Equity	\$4,000,000

The examination was conducted by the undersigned.

Respectfully submitted,



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James J. Blair Jr. CFE, CPA  
Examination Supervisor  
Insurance Department  
State of Delaware