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## **DHANDHO HOLDINGS TO ACQUIRE LOUISIANA-BASED STONETRUST COMMERCIAL MUTUAL INSURANCE HOLDING COMPANY AND RELATED COMPANIES**

BATON ROUGE, LA (July 29th, 2014) – Stonetrust Commercial Mutual Insurance Holding Company announced today that it has entered into an agreement to be acquired by Dhandho Holdings, LP and Dhandho Holdings Qualified Purchaser, LP (Dhandho), based in Irvine, CA. Stonetrust is a Louisiana-domiciled mutual insurance holding company and the parent company of Stonetrust Commercial Insurance Company which provides workers' compensation and employers' liability insurance coverage to over 5,100 policyholders in Louisiana, Mississippi, Arkansas, Oklahoma, and Texas. The \$35 million cash acquisition will include Stonetrust Commercial Mutual Insurance Holding Company, Stonetrust Commercial Insurance Company, and Stonetrust Realty, LLC, as well as Stonetrust Management Services, LLC, the independently owned managing general agent. As a result of the transaction, the Stonetrust companies will become subsidiaries of a new stock holding company created by the Dhandho partnership. Stonetrust operations will remain unchanged and continue to be headquartered in Baton Rouge, Louisiana, under current President and CEO Tim Dietrich.

The transaction, which has been unanimously approved by the Board of Directors of Stonetrust Commercial Mutual Insurance Holding Company, is expected to close within 90 days. The Plan of Conversion will require approval of policyholders and the Louisiana Department of Insurance. Proceeds of the transaction will be paid to eligible policyholders.

Dhandho has further agreed to infuse an additional \$30 million capital contribution into Stonetrust Commercial Insurance Company, thereby doubling total surplus to over \$60 million and providing an immediate boost to its premium to surplus ratio. Stonetrust anticipates the additional capital will facilitate its expansion plans and aid the company in achieving its goal of an "A" rating by the global credit rating agency A.M. Best. Stonetrust is currently rated "B++".

"Our plan is for continued profitable growth, added insurance lines development, and geographic expansion in the central and southeastern regions of the U.S. This transaction with Dhandho provides us with a substantial source of capital enabling us to take advantage of new business opportunities whenever they should arise," said Tim Dietrich, President and CEO of Stonetrust.

"Stonetrust is a wonderful business with an exceptional management team led by Tim Dietrich. I am excited that Dhandho's first acquisition is Stonetrust," said Mohnish Pabrai, Dhandho's managing partner. Pabrai, a private fund manager with over \$850 million in assets under management, has raised over \$150 million for the Stonetrust acquisition and the future acquisitions of other companies. Pabrai expects to take Dhandho public within a year.

### **About Stonetrust Commercial Insurance Company**

Founded in 1993, Stonetrust provides workers' compensation and employers' liability insurance coverage to businesses large and small, with a concentration in construction, wholesale, retail, manufacturing, and other service-related businesses. Stonetrust services over 5,100 policyholders in Louisiana, Mississippi, Arkansas, Oklahoma, and Texas. Their corporate office is located in Baton Rouge, Louisiana.

### **About Dhandho Holdings, LP and Dhandho Holdings Qualified Purchaser, LP**

Based in Irvine, CA, Dhandho Holdings is a holding company founded by managing partner Mohnish Pabrai, a private fund manager with \$850 million in assets under management. Its primary objective is to acquire high quality businesses with high quality managements in place in a friendly manner. Dhandho Holdings, LP and Dhandho Holdings Qualified Purchaser, LP, focus on endeavors that create wealth.

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