

SECOND AMENDED AND RESTATED FORM A**STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR
MERGER WITH A DOMESTIC INSURER****SAUCON MUTUAL INSURANCE COMPANY****NAIC No. 17736**

(Name of Domestic Insurer)

By

Saucon Holding Company**Brian T. Regan****Michael G. Crofton****~~Martin C. Gilehrst~~**

(Name of Acquiring Persons)

Filed with the Insurance Department of the Commonwealth of Pennsylvania

Dated: ~~February 5~~ April 3, 2015 2017

Name, title, address and telephone number of individuals to whom notices and correspondence concerning this form should be addressed:

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INTRODUCTION

This ~~Application~~ Second Amended and Restated Form A (“Second Amended Form A”) is being filed with the Pennsylvania Insurance Department (the “Department”) to ~~amend the original application~~ further amend the Amended and Restated Form A filed with the Department on February 5, 2015 (the “First Amended Form A”), which amended the initial Form A filed with the Department on September 2, 2014 (the “Original Application Form A”). This ~~Application~~ Second Amended Form A is being filed simultaneously with ~~an a~~ Third Amended and Restated Plan of Conversion (the “Plan”) of Saucon Mutual Insurance Company (“Saucon Mutual” or the “Company”) and incorporates herein by reference provisions of such Plan. As set forth in the Plan, the Board of Directors of the Company has approved a series of transactions that will convert the Company into a stock corporation, all of the ~~capital~~ stock of which would be held by Saucon Holding Company (“Saucon Holding”), a newly-organized stock holding company, with all of the ~~capital~~ stock of ~~that stock holding company~~ Saucon Holding being ~~acquired~~ held by investors ~~pursuant to in the Saucon Holding Offering,~~ a stock offering that ~~is will be~~ conducted concurrently with the conversion of the Company (the “Conversion”). As used in this ~~Application~~ Second Amended Form A, the term “Converted Insurance Company” means the stock insurance company into which the Company will be converted upon the Conversion.

As described in the Plan, the Conversion is being undertaken in furtherance of the following objectives: (i) to reward the members of the Company for their loyalty to the Company; (ii) to make a charitable contribution in furtherance of the Company’s ongoing commitment to the community; (iii) to modernize the Company’s governance structure; (iv) to enable the issuance of stock and other financial instruments in order to raise capital, facilitate potential acquisitions of other businesses, and incentivize employees; (v) to re-enter the insurance underwriting business; and (vi) to maintain the independence of the Company.

As set forth in the Plan, to accomplish the Conversion, the following steps relevant to the change of control of the Company will occur:

A. Creation of Holding Company ~~Saucon Holding Company (“Saucon Holding”)~~ was organized ~~has been formed~~ as a Pennsylvania stock corporation for the purpose of becoming the holding company of the Converted Insurance Company. While the articles of incorporation of Saucon Holding have been filed with the Pennsylvania Department of State, Saucon Holding has not yet (and prior to the closing of the Conversion will not have) issued stock, elected any directors or officers, or engaged in any business activities. Upon the Conversion: (1) all individuals who are then officers and directors of the Company will remain as officers and directors of the Converted Insurance Company and also become the officers and directors of Saucon Holding; and (2) 1,000 shares of ~~capital~~ stock of the Converted Insurance Company, constituting all of its issued and outstanding shares of ~~capital~~ stock, will be issued and sold to Saucon Holding, with the result that the Converted Insurance Company will be a wholly-owned subsidiary of Saucon Holding.

~~B. Subscription Agreements For Saucon Holding Stock. Concurrently with the Conversion, Saucon Holding will engage in a private offering (the "Stock Offering") to investors in accordance with a stock offering plan described in the Plan and as briefly summarized below:~~

- ~~i. The Stock Offering will be an offering of 3,250,000 shares of common stock of Saucon Holding, at a price of \$1.00 per share.~~
- ~~ii. All of the shares being offered in the Stock Offering will be issued and sold to members of the board and management of the Company (the "Investors"). The Investors will enter into binding subscription agreements with Saucon Holding pursuant to which they will subscribe for and acquire their Saucon Holding shares. The Investors who subscribe for shares in the Stock Offering will become the holders of all of the outstanding shares of capital stock of Saucon Holding, and, as a condition precedent to the issuance of Saucon Holding stock, each Investor will enter into a Shareholders Agreement with Saucon Holding in the form filed with the Plan.~~

B. Subscription Agreements For Saucon Holding Stock. As described in the Plan (capitalized terms used herein have the meaning set forth in the Plan), Saucon Holding will conduct an offering for its stock (the "Saucon Holding Offering"). The Saucon Holding Offering will be an offering of 3,250,000 shares of stock of Saucon Holding, at a price of \$1.00 per share. The Saucon Holding Offering will be conducted in two (2) stages. During the First Stage Offering, Non-Control Group Eligible Members may execute and deliver subscription agreements for all available shares of Saucon Holding. If shares of Saucon Holding remain available after the First Stage Offering, members of the Control Group may execute and deliver subscription agreements for the remaining shares of Saucon Holding during the Second Stage Offering. In addition to other conditions set forth in the Plan, as a condition precedent to the issuance of Saucon Holding stock, each Non-Control Group Eligible Member who subscribes for 5% or more of the Saucon Holding stock and all Control Group investors must enter into a Shareholders Agreement with Saucon Holding in the form filed with the Plan. (In each case, by subscribing for shares of Saucon Holding in the First Stage Offering or the Second Stage Offering, as applicable, the subscriber will be electing not to receive the Member Compensation as described in the Plan.) However, if the First Stage Offering results in Non-Control Group Eligible Members subscribing for 51% or more of the shares of Saucon Holding but fewer than all of the shares of Saucon Holding, then the Board of Directors of the Company may abandon the Conversion and the Saucon Holding Offering, in which case Saucon Mutual will not proceed with the Conversion and Saucon Holding will not proceed with the Saucon Holding Offering. In that case, none of the Company's Eligible Members will receive Member Compensation, and any tendered subscription funds will be returned.

This ~~Application~~ Second Amended Form A sets forth as Applicants for the change of control of the Converted Insurance Company (1) Saucon Holding and (2) those ~~Investors~~ Control Group investors who propose to acquire 10% or more of Saucon Holding's ~~capital~~ stock ~~subject~~ to the terms and limitations set forth in the Plan.

Item 1. Insurer and Method of Acquisition

A. Domestic Insurer

Saucon Mutual Insurance Company
74 West Broad Street, Suite 300
Bethlehem, PA 18018
NAIC No. 17736

B. Method of Acquisition

As described above, the Applicants propose to acquire control of the Company as part of the Conversion of the Company from a mutual insurer to a stock insurer as set forth in the Plan.

Item 2. Identity and Background of the Applicants

<u>Name and Business Address of Applicants</u>	<u>Domicile</u>
Saucon Holding Company 74 West Broad Street, Suite 300 Bethlehem, PA 18018	Pennsylvania
Brian T. Regan c/o Regan, Levin, Bloss, Brown & Savchak, P.C. 702 Hamilton Street Allentown, PA 18101	Pennsylvania
Michael G. Crofton c/o The Philadelphia Trust Company 1760 Market Street Philadelphia, PA 19102	Pennsylvania

~~Martin C. Gilchrist ————— Pennsylvania
c/o Urban Research & Development Corp.
28 West Broad Street
Bethlehem, PA 18018~~

B. Nature of Applicants' Business

Saucon Holding is a corporation formed for the purpose of holding 100% of the stock of the Converted Insurance Company. As indicated above, while the articles of incorporation of Saucon Holding have been filed with the Pennsylvania Department of State, Saucon Holding has not yet (and prior to the closing of the Conversion will not have) issued stock, elected any directors or officers, or engaged in any business activities.

Brian T. Regan: Brian Regan is the President and Chair of the Board of Directors of the Company and a shareholder in the accounting firm of Regan, Levin, Bloss, Brown and Savchack, P.C., an accounting firm with offices in Allentown, Easton and Stroudsburg, Pennsylvania.

Michael G. Crofton: Michael Crofton is a Member of the Board of Directors of the Company and President & CEO of The Philadelphia Trust Company, an independent private bank and depository trust company.

~~Martin C. Gilchrist: Martin Gilchrist is the Treasurer and a Member of the Board of Directors of the Company and the President of Urban Research & Development Corp., a consulting firm in areas of community planning and landscape architecture.~~

C. Organizational Chart.

A current organizational chart of the Company and its sole subsidiary is included as Exhibit A. No court proceedings involving a reorganization or liquidation are pending with respect to any such person.

An anticipated organizational chart depicting the Converted Insurance Company and its affiliates after the change of control is included as Exhibit B. Unless otherwise indicated, control of all such persons will be maintained by the ownership or control of voting securities. No court proceedings involving a reorganization or liquidation are pending with respect to any such person.

Item 3. Identity and Background of Individuals Associated with the Applicants

As described above, ~~the existing directors and executive officers of the Company will be the directors and executive officers~~ all individuals who are officers and directors of the Company at the time of the Conversion will remain as officers and directors of the Converted Insurance Company and also become the officers and directors of Saucon Holding upon the Conversion, with each executive officer of the Company obtaining the same executive office status (e.g. president, secretary, etc.) with respect to Saucon Holding. Biographical affidavits for all proposed directors and executive officers of Saucon Holding, including those directors who propose to acquire a controlling interest in Saucon Holding, are currently on file with the Department.

Item 4. Nature, Source and Amount of Consideration

A. Nature, Source and Amount of Funds. Pursuant to the Plan, Saucon Holding will acquire control of the Converted Insurance Company by purchasing from the Converted Insurance Company 1,000 shares of ~~capital~~ stock of the Converted Insurance Company on the effective date of the Conversion, such shares constituting all of the Converted Insurance Company's issued and outstanding shares of ~~capital~~ stock. Those authorized and outstanding shares will have a par value of \$950.00 per share. Saucon Holding will pay an aggregate

purchase price of \$1,425,000 for those shares and the Converted Insurance Company will record the proceeds as follows: \$950,000 as paid-in capital and \$475,000 as paid-in surplus.

Each of the other Applicants will be acquiring control of the Converted Insurance Company through the purchase of Saucon Holding stock. As described above, the purchase of the Saucon Holding stock will be pursuant to a Stock Offering of 3,250,000 shares of Saucon Holding ~~common~~ stock at a price of \$1.00 per share. Each of the other Applicants will be acquiring the stock from personal funds.

~~———— B. ———— Criteria Used in Determining the Nature and Amount of the Consideration. The nature and amount of consideration to be paid for by the Investors for the purchase of the Saecon Holding stock were determined so that the aggregate amount of consideration to be paid for the Saecon Holding stock would exceed the sum of the cash payments to be made to Saecon Mutual's eligible members, the amount of the charitable contribution to be made at closing by Saecon Mutual, and the estimated costs and expenses of the Conversion transactions, with the result that, after closing of the Conversion transactions, the total assets of Saecon Holding on a consolidated basis would be greater than the total assets of Saecon Mutual before the closing.~~

B. Criteria Used in Determining the Nature and Amount of the Consideration. The offering price of \$1.00 per share for the shares of Saucon Holding that are being offered in the Saucon Holding Offering was determined by the Board of Directors. In making that determination, the primary consideration was that the Saucon Holding Offering raise sufficient proceeds to satisfy the items in the table below (Use of Proceeds of Saucon Holding Offering).

<u>Use of Proceeds of Saucon Holding Offering</u>	
<u>Reimbursement to Saucon Insurance Company of \$400,000 of the costs and expenses of the Conversion Transactions.</u>	<u>\$400,000</u>
<u>Those costs and expenses include the fees and expenses of counsel, tax, accounting and financial advisors, filing fees with the Pennsylvania Insurance Department, the expenses of the Pennsylvania Insurance Department's engagement of StoneRidge Advisors, and printing, filing and mailing expenses.</u>	
<u>The costs and expenses of the Conversion Transactions that will not be reimbursed by Saucon Holding from this amount will be borne by Saucon Insurance Company.</u>	
<u>Purchase of 1,000 shares of Saucon Insurance Company</u>	<u>\$1,425,000</u>
<u>Cash to be held by Saucon Holding</u>	<u>\$1,425,000</u> <u>(estimated)</u>

C. Source of Consideration – Disclosure of Loan or Borrowed Funds. N/A

Item 5. Future Plans of Insurer

Applicants have no plans or proposals to cause the Converted Insurance Company to declare an extraordinary dividend, to liquidate the Converted Insurance Company, to sell its assets to or merge it with any person or persons, or to make material changes to its business operations, management or corporate structure (with the exception of the Conversion). As set forth in more detail in the Business Plan (Exhibit C), the Converted Insurance Company does intend to explore revenue generating opportunities, initially via reinsurance.

Item 6. Voting Securities to be Acquired

As set forth in the Plan and above, on the effective date of the Conversion, Saucon Holding will purchase from the Converted Insurance Company 1,000 shares of ~~capital~~ stock of the Converted Insurance Company, constituting all of its issued and outstanding shares of ~~capital~~ stock.

Each of the other Applicants will be acquiring control of the Converted Insurance Company through the purchase of Saucon Holding stock, as follows (actual amount purchased may be more or less, depending on the outcomes of the First and Second Stage Offerings):

Brian T. Regan	1,485,250 <u>2,371,000</u> shares [45.70 <u>72.95</u> %]
Michael G. Crofton	594,100 <u>650,000</u> shares [18.28 <u>20.00</u> %]

~~————— Martin C. Gilchrist ————— 891,150 shares [27.42%]~~

The nature and amount of consideration for the Saucon Holding stock were determined as described in Item 4.B, above.

Item 7. Ownership of Voting Securities

As set forth in the Plan, on the effective date of the Conversion, Saucon Holding will hold 100% of the ~~capital~~ stock of the Converted Insurance Company, and each of the other Applicants intends to subscribe to and acquire their respective shares of ~~capital~~ stock of Saucon Holding as described in Item 6, above.

Item 8. Contracts, Arrangements, or Understandings with Respect to Voting Securities of the Insurer

None with respect to Saucon Holding, other than the provisions of the Plan.

Each of the other Applicants must enter a Shareholders Agreement in the form filed as an exhibit to the Plan.

Item 9. Recent Purchases of Voting Securities

None.

Item 10. Recent Recommendations to Purchase

None.

Item 11. Agreements with Broker-Dealers

None.

Item 12. Financial Statements and Exhibits

The following is a list of the financial statements and exhibits filed with this Statement or under separate cover as set forth below:

- | | |
|-----------|--|
| Exhibit A | Pre-Transaction Organization Chart (Incorporated by reference from the Original Application) |
| Exhibit B | Post-Transaction Organization Chart (Incorporated by reference from the Original Application) |
| Exhibit C | <u>Second</u> Amended and Restated Business Plan for the Converted Insurance Company, including 3-year financial projections. <i>The Applicants are requesting confidential treatment with respect to this information and will be filing file under separate cover.</i> |
| Exhibit D | 5-Year Tax Returns for Individual Applicants (Incorporated by reference from the Original Application <u>the Tax Returns for the Individual Applicants filed with the Original Form A are incorporated by reference to the Original Form A; additional tax returns through calendar year 2015 are enclosed</u>). <i>The Applicants are requesting confidential treatment with respect to this information and have filed <u>and will file</u> under separate cover.</i> |
| Exhibit E | Form E, Pre-Acquisition Notification Statement of the Potential Competitive Impact (Incorporated by reference from the Original Application <u>Form A</u>). <i>The Applicants are requesting confidential treatment with respect to this information and have filed under separate cover.</i> |

Item 13. Agreement Requirements for Enterprise Risk Management

The Applicants that shall be ultimate controlling persons of the Converted Insurance Company agree to provide, to the best of their knowledge and belief, the information required by Form F within thirty (30) days after the end of the month in which the acquisition of control occurs and annually thereafter as long as control exists or upon request as necessary for the

Commissioner to evaluate enterprise risk of the insurer unless otherwise ordered by the Commissioner.

Item 14. Signature and Certification.

Pursuant to the requirements of Section 1402 of the Act, Brian T. Regan has caused this application to be duly signed in the City of _____ and the Commonwealth of Pennsylvania on the ___ day of _____, 20152017.

(SEAL)

BRIAN T. REGAN

Signed: _____

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated _____, 20152017. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

By: _____

Name: Brian T. Regan

Subscribed and sworn before me this _____ day of _____, 20152017.

By: _____

(SEAL)

Item 14. Signature and Certification.

Pursuant to the requirements of Section 1402 of the Act, Michael G. Crofton has caused this application to be duly signed in the City of _____ and the Commonwealth of Pennsylvania on the ___ day of _____, ~~2015~~2017.

MICHAEL G. CROFTON

Signed: _____

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated _____, ~~2015~~2017. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

By: _____
Name: Michael G. Crofton

Subscribed and sworn before me this ___ day of _____, ~~2015~~2017.

By: _____

(SEAL)

~~**Item 14. Signature and Certification.**~~

~~Pursuant to the requirements of Section 1402 of the Act, Martin C. Gilchrist has caused this application to be duly signed in the City of _____ and the Commonwealth of Pennsylvania on the ___ day of _____, 2015.~~

~~_____ MARTIN C. GILCHRIST~~

Signed: _____

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated _____, 2015. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

By: _____
Name: Martin C. Gilchrist

Subscribed and sworn before me this _____ day of _____, 2015.

By: _____

(SEAL) _____