

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402,
: and 1403 of the Insurance
Application of Mutual Risk : Holding Companies Act, Article
Management Ltd. Requesting : XIV of the Insurance Company
Exemption from the Requirements of : Law of 1921, Act of May 17, 1921,
40 P.S. §991.1402 for the Restructuring : P.L. 682, as amended, 40 P.S.
of its Holding Company System, : §§991.1401, 991.1402, and
which includes Villanova Insurance : 991.1403
Company and U.S. Insurors Company :
: Order No. ID-RC-01-29

DECISION AND ORDER

AND NOW, on this 6th day of September, 2001, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania ("Deputy 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 Deputy Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of the Parties

1. Villanova Insurance Company ("Villanova") is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Philadelphia,

Pennsylvania.

2. Legion Financial Corp is an insurance holding company organized under the laws of the state of Missouri with its principal place of business in Philadelphia, Pennsylvania.
3. U. S. Insurors Company ("US Insurors") is a domestic stock property insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Philadelphia, Pennsylvania.
4. USI Holding Company, Inc. ("USI Holding") is an insurance holding company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Philadelphia, Pennsylvania. USI holds 100% of the issued and outstanding voting stock of US Insurors.
5. Mutual Group Ltd. ("Mutual Group") is an insurance holding company organized under the laws of the state of Delaware with its principal place of business in Philadelphia, Pennsylvania. Mutual Group currently directly holds 100% of the issued and outstanding voting stock of Villanova, Legion Financial Corp and USI Holding.
6. Mutual Risk Management Ltd. ("MRM") is a business corporation organized pursuant to the laws of Bermuda with its principal place of business located in Hamilton, Bermuda. MRM indirectly holds 100% of the issued and outstanding voting stock of Mutual Group.
7. Common stock of MRM is traded on the New York Stock Exchange.
8. MRM is the ultimate controlling person of Villanova and US Insurors.

Filing of the Application

9. On August 15, 2001, the Insurance Department of the Commonwealth of Pennsylvania ("Department") received an initial request (which together with all material received subsequently is collectively referenced as "Application") from MRM for approval to effectuate a plan of reorganization of the holding company system that includes Villanova and US Insurors.
10. 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 et seq. ("Insurance Holding Companies Act"), provides that all transactions affecting the control of a domestic insurer must be filed with the Department for approval or disapproval.

11. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
12. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction:
 - a) does not have the effect of changing or influencing the control of a domestic insurer, or
 - b) is otherwise not comprehended within the purposes of the section.

The Transaction

13. As described in the Application, MRM proposes to create a new insurance holding company to be known as Villanova Holdings, Inc. Villanova Holdings, Inc. will be organized pursuant to the laws of the state of Delaware.
14. As described in the Application, Villanova Holdings, Inc. would hold 100% of the issued and outstanding voting stock of Villanova.
15. As described in the Application, Villanova Holdings, Inc. would be a wholly owned subsidiary of Legion Financial Corp.
16. As described in the Application, MRM proposes to create a new insurance holding company to be known as Worksafe, Inc. Worksafe, Inc. will be organized pursuant to the laws of the state of Delaware.
17. As described in the Application, Worksafe, Inc. would hold 100% of the issued and outstanding voting stock of USI Holding.
18. As described in the Application, both Legion Financial Corp and Worksafe, Inc. would be wholly owned subsidiaries of Mutual Group.
19. As described in the Application, MRM would continue to be the ultimate controlling person of Villanova and US Insurers.
20. The Deputy Commissioner finds that the transactions described in the Application do not have the effect of changing or influencing the control

of a domestic insurer.

21. 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 acquisition of controlling securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
3. The Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
4. The instant transactions are not being contemplated to change or influence the ultimate control of Villanova or US Insurors, and, therefore, are exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
5. 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.

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402,
: and 1403 of the Insurance
Application of Mutual Risk : Holding Companies Act, Article
Management Ltd. Requesting : XIV of the Insurance Company
Exemption from the Requirements of : Law of 1921, Act of May 17, 1921,
40 P.S. §991.1402 for the Restructuring : P.L. 682, as amended, 40 P.S.
of its Holding Company System, : §§991.1401, 991.1402, and
which includes Villanova Insurance : 991.1403
Company and U.S. Insurors Company :
: Order No. ID-RC-01-29

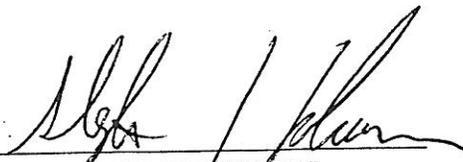
ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania, hereby makes the following Order:

An approving determination for the application of Mutual Risk Management Ltd. requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its holding company system, which includes Villanova Insurance Company and U.S. Insurors Company, as set forth in the Application, is hereby granted.

This Order is effective immediately.




STEPHEN J. JOHNSON
Deputy Insurance Commissioner