

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402, and
	:	1403 of the Insurance Holding
Application of General Title Insurance	:	Companies Act, Article XIV of the
Company in Support of the Request for	:	Insurance Company Law of 1921,
Approval to Merge with Manito Title	:	Act of May 17, 1921, P.L. 682,
Insurance Company	:	<u>as amended</u> , 40 P.S. §§991.1401,
	:	991.1402, and 991.1403; Sections
	:	1921 through 1929 of the 1988
	:	Business Corporation Law, Act of
	:	December 21, 1988, P.L. 1444, No.
	:	177, <u>as amended</u> , 15 Pa. C.S.
	:	§§1921-1928; Sections 205 and 207
	:	of the GAA Amendments Act of
	:	1990, Act of December 19, 1990,
	:	P.L. 834, No. 198, <u>as amended</u> , 15
	:	P.S. §§21205 and 21207.
	:	
	:	Order No.: ID-RC-11-39

DECISION AND ORDER

AND NOW, on this 20th day of December, 2011, Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act, the 1988 Business Corporation Law and the GAA Amendments Act of 1990, 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

1. Manito Title Insurance Company (“Manito”) is a domestic stock title insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in West Chester, Pennsylvania.
2. General Title Insurance Company (“General Title”) is a non-admitted foreign title insurance company organized under the laws of the state of Indiana with its principal place of business in Cleveland, Ohio.

Filing of the Application

3. On September 28, 2011, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial application (which together with all material received subsequently is collectively referenced as “Application”) from General Title requesting approval to merge with Manito, with General Title being the survivor.
4. As part of the Application, General Title has requested licensure as a foreign stock title insurance company in Pennsylvania.
5. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, (“Insurance Company Law”), 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all mergers or other acquisitions of control of domestic insurers must be filed with the Department for approval or disapproval.
6. The 1988 Business Corporation Law, Act of December 21, 1988, P.L. 1444, as amended, Sections 1921 through 1929, 15 Pa. C.S. §§1921 through 1929 (“1988 BCL”), and the GAA Amendments Act of 1990, P.L. 834, No. 198, as amended, 15 P.S. §§21205, 21207 (“GAA Amendments Act”), provide that all plans of merger of domestic insurers must be filed with the Department for approval or disapproval.
7. Section 301 of The Insurance Company Law (40 P.S. §421) provides the requisites for foreign insurance companies to do business in Pennsylvania.
8. The Application was filed with the Department pursuant to Section 1402 of the Insurance Holding Companies Act and Section 205 of the GAA Amendments Act.

Notice and Filing of Comments

9. On October 15, 2011, the Department published notice in the *Pennsylvania Bulletin* that the Application had been submitted and such notice invited interested persons to submit comments to the Department regarding the Application for a 30-day period.
10. During the 30-day public comment period, the Department received no comments regarding the Application.

The Transaction

11. General Title and Manito executed a Stock Purchase Agreement and Plan of Merger dated as of November 1, 2011, (“Merger Agreement”) which provides for Manito to merge with General Title, with General Title to be the surviving corporation.
12. As described in the Application, the Merger Agreement was adopted by the Board of Directors and shareholders of Manito on November 10, 2011.
13. As described in the Application, the Merger Agreement was adopted by the Board of Directors and shareholders of General Title on October 26, 2011.
14. As described in the Application, General Title shall acquire all of the assets of Manito and assume all of the debts and other liabilities of Manito.

Standards for Review

15. Section 1402(f)(1) of the Insurance Holding Companies Act establishes the standards for approval of an application for a merger or other acquisition of control of a domestic insurer.
16. The application for a merger or other acquisition of control must be approved unless the Commissioner finds any one of certain enumerated conditions to be present.

Licensing Requirements

17. When analyzing an application for a merger involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Commissioner reviews the requirements for licensure of the surviving insurer.
18. The regulation of title insurance in Pennsylvania is prescribed by Article VII of the Insurance Company Law (40 P.S. Section 1181 et seq.).

19. Section 705 of the Insurance Company Law (40 P.S. §910-5) sets out the minimum capital and paid-in surplus required of a title insurance company.
20. In accordance with Section 705 of the Insurance Company Law (40 P.S. §910-5), General Title is required to maintain a minimum capital of \$500,000 to be licensed to transact the business of title insurance in this Commonwealth.
21. In accordance with Section 705 of the Insurance Company Law (40 P.S. §910-5), General Title is required to maintain a minimum paid-in surplus of \$250,000 to be licensed to transact the business of title insurance in this Commonwealth.
22. Upon completion of the transaction, General Title will have capital and paid-in surplus in an amount sufficient to maintain a license to transact the business of title insurance in this Commonwealth.

Competitive Impact

23. The merger of Manito with and into General Title is subject to review and analysis under Section 1403(d)(2) of the Insurance Holding Companies Act to determine whether the effect of the merger would substantially lessen competition in this Commonwealth or tend to create a monopoly therein.
24. The merger of Manito with and into General Title will not lessen competition or tend to create a monopoly in the Commonwealth because the market shares of Manito and the market share of General Title, as stated in the Application, do not exceed the market share levels established in Section 1403 of the Insurance Holding Companies Act.

Financial Condition of Applicant

25. When analyzing an application for a merger involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Department reviews the financial condition of the surviving insurer.
26. As of December 31, 2010, General Title reported:

Assets of:	\$7,438,124
Liabilities of:	\$3,932,875
Surplus as Regard Policyholders of:	\$3,505,249

27. The financial condition of General Title would not pose any impediments to the merger nor prejudice the interest of the policyholders of Manito.

Plans for the Acquired Insurer

28. When analyzing an application for a merger involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Department reviews the plans or proposals of the surviving insurer after the merger.
29. The Department did not find the Merger Agreement to be:
- a. unfair or unreasonable to the policyholders of Manito, or
 - b. contrary to the interests of the public.
30. The Department did not find any material changes in the plans for the business, corporate structure or management of Manito after the merger that would be:
- a. unfair and unreasonable to the policyholders of Manito, or
 - b. contrary to the interests of the public.

Management

31. When analyzing an application for a merger involving a domestic insurer 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 surviving insurer.
32. Biographical affidavits for all directors and executive officers of General Title were reviewed by the Department.
33. The Department is satisfied that the persons who control the operations of General Title have such competence, experience and integrity that the interests of policyholders and the public would not be jeopardized.
34. 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 merger of Manito and General Title.
2. Under Section 1402 of the Insurance Holding Companies Act, the Department must approve an application for a merger 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 effect of the merger 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; or,
 - f) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.
 - g) The acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A, Insurance Company Mutual-to-Stock Conversion Act.
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 merger of Manito with and into General Title.
4. The Commissioner concludes that the preparation of the Merger Agreement, pertaining to the terms and conditions, satisfies the requirements of Section 1922 of the 1988 BCL.
5. The Commissioner concludes that the Merger Agreement satisfies the requirements of Section 1924 as it has been adopted by the shareholders of

Manito and General Title and by the Board of Directors of Manito and General Title.

6. The Commissioner concludes that the Articles of Merger will satisfy the requirements of Section 1926 of the 1988 BCL.
7. The Commissioner concludes that the Merger Agreement will be effective on or after proper filing of Articles of Merger with the Department of State pursuant to Sections 1927 and 1928 of the 1988 BCL.
8. The Commissioner concludes that, if the proposed merger is consummated, all the rights, privileges, immunities, powers and purposes of Manito will be conveyed to the surviving entity, as a matter of law, pursuant to Section 1929 of the 1988 BCL.
9. Pursuant to Section 205(b) of the GAA Amendments Act, the Commissioner concludes that the terms and conditions of the proposed merger are fair and that the proposed merger is in accordance with law and not injurious to the interests of the policyholders and creditors.
10. Pursuant to Section 301 of the Insurance Company Law, the Commissioner concludes that General Title satisfies the requisites for license as a foreign insurer.
11. The Application satisfies the requirements of the Insurance Holding Companies Act, the 1988 BCL and the GAA Amendments Act.
12. 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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ORDER

Upon consideration of the foregoing, the Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) hereby approves the application of General Title Insurance Company (“General Title”) requesting approval for the merger of Manito Title Insurance Company with and into General Title subject to the following conditions:

1. An approving determination must be granted by the Indiana Department of Insurance before Articles of Merger are filed with the Pennsylvania Department of State. A certified copy of the Indiana approval shall be provided to the Department within three (3) business days of receipt by General Title.
2. General Title is approved as a foreign admitted stock title insurance company upon the effective date of the merger.

3. A copy of the Articles of Merger must be filed with the Commissioner not later than ten (10) days after their filing with the Pennsylvania Department of State.

This Order is effective immediately and valid for one year, provided there are no material changes to the Application.

Michael F. Consedine
Insurance Commissioner
Commonwealth of Pennsylvania