

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Section 357 of the
	:	Insurance Company Law of 1921,
Application of NORCAL Specialty	:	Act of May 17, 1921, P.L. 682, No.
Insurance Company for Approval to	:	284, <u>as amended</u> , 40 P.S. §477e
Redomesticate from the Commonwealth	:	
of Pennsylvania to the State of Texas	:	Order No. ID-RC-18-01

DECISION AND ORDER

AND NOW, on this 26 day of February, 2018, Joseph DiMemmo, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (the "Deputy Insurance Commissioner"), hereby makes the following Decision and Order:

Pursuant to the Insurance Company Law of 1921 and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Deputy Insurance Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Applicant

1. NORCAL Specialty Insurance Company ("NORCAL") is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Mechanicsburg, Pennsylvania.
2. NORCAL Mutual Insurance Company ("NMIC") is a California domiciled mutual insurance company with its principal place of business in San Francisco, California. NMIC currently directly holds 100% of the issued and outstanding stock of NORCAL.
3. NMIC is the ultimate controlling person of NORCAL.

Filing of Application

4. Section 357 of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §477e (the "Insurance Company Law"), provides that any transfer of domicile to any other state by a domestic insurer must be filed with the Commissioner for approval or disapproval.

5. Section 357(b) of the Insurance Company Law provides that, upon any transfer of domicile to any other state by a domestic insurer, said insurer shall be admitted to the Commonwealth of Pennsylvania if qualified as a foreign insurer.
6. On December 19, 2017, the Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) received an initial application (which, together with all material received subsequently, is collectively referenced as “Application”) for approval of the redomestication of NORCAL from the Commonwealth of Pennsylvania to the State of Texas.
7. The Application included a request for NORCAL to surrender its Certificate of Authority in Pennsylvania in exchange for being placed on the Pennsylvania Insurance Department’s (“Department’s”) eligible surplus lines insurer list effective simultaneous with its redomestication.
8. The requirements for eligible surplus lines insurers is set out in Section 1605 of the Insurance Company Law (40 P.S. § 991.1605).
9. As represented in the Application, NORCAL has no active policies in Pennsylvania and does not plan to write new admitted policies in the future.
10. As represented in the Application, the redomestication is being pursued to allow NORCAL to begin writing surplus lines policies in Pennsylvania as an eligible surplus lines insurer and to continue writing surplus lines policies in Texas as a domestic surplus lines insurer.
11. As represented in the Application, the redomestication will have no impact on Pennsylvania employment.
12. On December 6, 2017, the Board of Directors of NORCAL adopted a resolution consenting to the redomestication of NORCAL from the Commonwealth of Pennsylvania to the State of Texas.
13. On December 6, 2017, NMIC, as the sole shareholder of NORCAL, consented to the redomestication of NORCAL from the Commonwealth of Pennsylvania to the State of Texas.

Department Procedures

14. On January 6, 2018, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by NORCAL and such notice invited interested persons to submit comments to the Department regarding the Application for a thirty (30) day period, ending February 5, 2018.
15. During the thirty (30) day comment period, the Department received no comments regarding the Application.

16. The Commissioner has delegated to the Deputy Insurance Commissioner authority to approve the application of domestic insurance companies seeking to redomesticate from Pennsylvania to a foreign jurisdiction.
17. 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. The Insurance Company Law provides the Commissioner jurisdiction to review and approve the redomestication of NORCAL.
2. The Commissioner has delegated authority to approve the applications of domestic insurance companies seeking to redomesticate from Pennsylvania to a foreign jurisdiction to the Deputy Insurance Commissioner.
3. In accordance with Section 357(b) of the Insurance Company Law, the Deputy Insurance Commissioner concludes this redomestication is in accordance with law and is not injurious to the interest of all NORCAL policyholders.
4. In accordance with Section 1605 of the Insurance Company Law, the Deputy Insurance Commissioner concludes that NORCAL would satisfy the requirements to be placed on the Department's eligible surplus lines insurer list upon its redomestication to the State of Texas.
5. The Application was properly filed pursuant to and in accordance with the Insurance Company Law.
6. 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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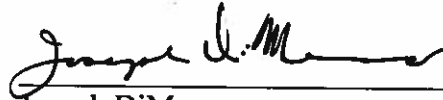
ORDER

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

An approving determination for the redomestication of NORCAL Specialty Insurance Company ("NORCAL") to the State of Texas and the surrender of its Certificate of Authority in Pennsylvania in exchange for simultaneously being placed on the Pennsylvania Insurance Department's eligible surplus lines insurer list as set forth in the Application, subject to this Order and the following conditions:

1. NORCAL shall obtain approval of the redomestication from the Texas Department of Insurance. A certified copy of the approval issued by the Texas Department of Insurance shall be provided to the Deputy Insurance Commissioner within three (3) business days of receipt by NORCAL.
2. NORCAL shall file governing documents with the Texas Department of Insurance. NORCAL shall provide the Deputy Insurance Commissioner with a copy of the governing documents indicating receipt by the Texas Department of Insurance.
3. NORCAL shall surrender its current Certificate of Authority as a domestic insurance corporation to the Deputy Insurance Commissioner within seven (7) days of filing the governing documents with the Texas Department of Insurance.
4. NORCAL shall file a Statement of Domestication with the Pennsylvania Department of State, Corporation Bureau within five (5) days of receiving all prerequisite documents. A complete copy of the Decision and Order must accompany the filing.
5. NORCAL shall provide a copy of the Statement of Domestication evidencing acceptance by the Pennsylvania Department of State to the Deputy Insurance Commissioner within ten (10) days of receipt.

This Order is effective immediately and is valid for one (1) year from the date of signature, provided there are no material changes to the Application.



Joseph DiMemmo
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation