

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: : Pursuant to the Insurance Company
 : Law, Act of May 17, 1921, P.L. 682,
The Request of Lakeland Insurance : as amended, 40 P.S. §§341 et seq.
Company for Approval to Surrender its :
Certificate of Authority to Operate as an :
Insurance Company : Order No. ID-RC-07-39

DECISION AND ORDER

AND NOW, on this 10th day of December, 2007, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”), hereby makes this Decision and Order:

Pursuant to the Insurance Company Law, and in consideration of the documents, representations, 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 Applicant

1. Lakeland Insurance Company (“Lakeland”) is a stock property insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Cincinnati, Ohio.
2. Lakeland holds a certificate authorizing the transaction of the business of insurance in this Commonwealth (“Certificate of Authority”).
3. Cincinnati Equitable Insurance Company (“Cincinnati Equitable”) is an admitted stock property insurance company organized under the laws of the state of Ohio with its principal place of business in Cincinnati, Ohio. Lakeland is a wholly-owned subsidiary of Cincinnati Equitable.

The Surrender Filing

4. On November 13, 2007, the Pennsylvania Insurance Department (“Department”) received a request (which, together with all material received subsequently, is hereinafter referenced as “Request”) from Lakeland to voluntarily surrender its Certificate of

Authority.

Department Procedures

5. On December 1, 2007, the Department published notice in the *Pennsylvania Bulletin* that the Request was submitted by Lakeland, and such notice invited interested persons to submit comments to the Department regarding the Request for a seven day period, ending December 8, 2007.
6. During the seven day period, the Department received no comments regarding the proposed Request.

The Filing

7. As stated in the Request, Lakeland has no current policyholders.
8. As stated in the Request, Lakeland has entered into an assumption of liabilities agreement (“Agreement”) with its corporate parent such that Cincinnati Equitable will be responsible for all liabilities of Lakeland after the surrender of Certificate of Authority.
9. As stated in the Request, the purpose of this transaction is to surrender the authority to operate an insurance company, but continue the corporate existence.
10. Lakeland has provided documentation that its Board of Directors has resolved to surrender its Certificate of Authority to act as an insurance company in the Commonwealth of Pennsylvania and to continue the corporate existence of the company.
11. Lakeland has provided documentation that the sole shareholder has resolved to surrender the Lakeland Certificate of Authority to act as an insurance company in the Commonwealth of Pennsylvania and to cause Lakeland to continue its corporate existence.
12. Lakeland has properly filed a Plan of Withdrawal from the Pennsylvania insurance market.
13. 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. Inasmuch as Lakeland does not have any policyholders, Lakeland is not required to make provision for payment of policyholder claims.
2. Inasmuch as Lakeland will be a going concern and has entered into Agreement, the Department's approval of the Request will have no impact on any creditors of Lakeland.
3. After the surrender of the Certificate of Authority, Lakeland will no longer be authorized to transact the business of insurance in this Commonwealth.
4. Based on all the information and analyses received and the Department's independent review, the Request is reasonable and in accordance with law.
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.

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ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”) hereby approves the Request for the voluntary surrender of the Certificate of Authority as filed on November 13, 2007, by Lakeland Insurance Company (“Lakeland”), subject to the following conditions:

1. Lakeland shall not engage in transacting the business of insurance in the Commonwealth of Pennsylvania or in any other jurisdiction, without the prior approval of the Pennsylvania Insurance Department.
2. The surrender shall be effective upon receipt of the tender of the Certificate of Authority by the Insurance Department.
3. Should Lakeland, as a continuing business corporation, determine that at some time in the future it would like to engage in the business of insurance, it will be necessary to file a new application with the Department for an appropriate certificate of authority.

This Order is effective immediately.

STEPHEN J. JOHNSON
Deputy Insurance Commissioner
Commonwealth of Pennsylvania