

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of David M. Smith	:	Holding Companies Act, Article
Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 for the	:	Law of 1921, Act of May 17, 1921,
Acquisition of Additional Capital Stock of	:	P.L. 682, <u>as amended</u> , 40 P.S.
Londonderry Group, Ltd., the Corporate	:	§§991.1401, 991.1402, and
Parent of Commerce Protective Insurance	:	991.1403
Company	:	
	:	Order No. ID-RC-11-14

DECISION AND ORDER

AND NOW, on this 16th day of August, 2011, 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. Commerce Protective Insurance Company (“Commerce Protective”) is a domestic stock casualty insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Elizabethtown, Pennsylvania.
2. Londonderry Group, Ltd. (“Londonderry”) is an insurance holding company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Elizabethtown, Pennsylvania. Commerce Protective is

a wholly-owned subsidiary of Londonderry.

3. David M. Smith (“Mr. Smith”) is an individual with his primary place of business located in Cleveland, Ohio. Mr. Smith holds approximately 13% of the issued and outstanding capital stock of Londonderry.
4. Mr. Smith is an ultimate controlling person of Commerce Protective.

Filing of the Application

5. On August 12, 2011, 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 Mr. Smith for approval to acquire additional capital stock of Londonderry.
6. 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.
7. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
8. 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

9. As described in the Application, Mr. Smith proposes to acquire additional capital stock such that he would hold 28.26% of Londonderry’s total issued and outstanding capital stock (“Acquisition”).
10. As described in the Application, Mr. Smith would continue to be an ultimate controlling person of Commerce Protective after Acquisition.
11. The Deputy Commissioner finds that the transaction described in the Application would not have the effect of changing or influencing the control of a domestic insurer.

12. 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 transaction is not being contemplated to change or influence the ultimate control of Commerce Protective, and, therefore, is 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.

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Parent of Commerce Protective Insurance	:	991.1403
Company	:	
	:	Order No. ID-RC-11-14

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 David M. Smith requesting exemption from the requirements of 40 P.S. §991.1402 for the acquisition of additional capital stock of Londonderry Group, Ltd., the corporate parent of Commerce Protective Insurance Company, as set forth in the Application, is hereby granted.

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

STEPHEN J. JOHNSON
Deputy Insurance Commissioner