

BEFORE THE
DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1977 and
	:	1980 of the Business Corporation
Application of Mutual Fire, Marine and	:	Law of 1988, Act of December 21,
Inland Insurance Company for Approval	:	1988, P. L. 1444, <u>as amended</u> ,
to Redomesticate from the	:	15 Pa.C.S. §§ 1977 and 1980, and
Commonwealth of Pennsylvania to the	:	Sections 205 and 207 of the GAA
State of Delaware	:	Amendments Act of 1990, Act of
	:	December 19, 1990, P. L. 834,
	:	15 P. S. §§ 21205 and 21207, and
	:	Section 357 of the Insurance
	:	Company Law, Act of May 17,
	:	1921, P.L. 682, No. 284, 40 P.S. §
	:	477e
	:	
	:	Order No. ID-RC-11-18

DECISION AND ORDER

AND NOW, on this 28th day of September, 2011, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (the “Deputy Insurance Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Business Corporation Law and the Insurance Company Law 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. Mutual Fire, Marine and Inland Insurance Company (“Mutual Fire”) is a domestic mutual property insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Exton, Pennsylvania.

Filing and Review of Application

2. On August 26, 2011, 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 Mutual Fire from the Commonwealth of Pennsylvania to the State of Delaware.
3. The Application included a request for the licensure of Mutual Fire as a foreign insurance company organized under the laws of the State of Delaware effective simultaneous with its redomestication.
4. Section 357 of The Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, (the “Insurance Company Law”), 40 P.S. §477e, 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. Section 357(b) provides that the Insurance Commissioner shall approve any such proposed transfer unless he shall determine such transfer is not in the interest of all the policyholders.
7. Sections 1977 and 1980 of The Business Corporation Law of 1988, Act of December 21, 1988, P.L. 1444, as amended, (the “BCL”) 15 Pa. C.S. §§1977 and 1980, prescribe the requirements for dissolution by domestication.
8. Sections 205 and 207 of The GAA Amendments Act of 1990, Act of December 19, 1990, P.L. 834, (the “GAA Amendments”), 15 P.S. §§21205 and 21207 provide that all dissolutions by domestication of domestic insurers must be filed with the Commissioner for approval or disapproval.
9. Specifically, section 205(b) of the GAA Amendments provides that a plan of voluntary dissolution shall be approved by the Insurance Department if it is in accordance with law and not injurious to the interests of the policyholders and creditors. 15 P.S. §21205(b).
10. Section 207 of the GAA Amendments provides that the Department may approve a transaction if and when the Department finds and determines that the application complies with the provisions of the GAA and the procedural regulations of the department thereunder. 15 Pa.C.S. § 21207.
11. For purposes of making its determination, the Department affords reasonable notice and opportunity for the public to be heard and may impose such conditions as it may

deem to be just and reasonable. 15 Pa.C.S. §21207(c).

12. As represented in the Application:

- a. Mutual Fire is redomesticating to Delaware. As such it is not winding up operations but will continue in existence as a Delaware domiciliary and will continue to do business in Pennsylvania.
- b. The redomestication will have no impact on Pennsylvania employment or economic activity in Pennsylvania.
- c. Adequate provision has been made for the discharge of liabilities of the corporation.
- d. There are no actions or proceedings pending against the corporation in any court.
- e. The redomestication will have no anticipated effects upon Mutual Fire's operations and will not impact Mutual Fire's policyholders or agents. There will be no cancellation or nonrenewal of policies resulting from the redomestication.

13. The redomestication has been requested to allow Mutual Fire to operate more efficiently and reduce expenses.

14. On August 24, 2011, the Board of Directors of Mutual Fire adopted and consented to the redomestication of Mutual Fire from the Commonwealth of Pennsylvania to the State of Delaware.

15. On August 24, 2011, the policyholder-members of Mutual Fire consented to the redomestication of Mutual Fire from the Commonwealth of Pennsylvania to the State of Delaware.

Department Procedures

16. On September 10, 2011, in accordance with the requirements of section 207(c) of the GAA Amendments, 15 Pa.C.S. §21207(c), the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by Mutual Fire and such notice invited interested persons to submit comments to the Department regarding the Application for a fourteen day period.

17. During the fourteen day comment period, the Department received no comments regarding the Application.

18. The Commissioner has delegated to the Deputy Insurance Commissioner authority to approve the applications of domestic insurance companies seeking to redomesticate from Pennsylvania to a foreign jurisdiction.
19. 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 and the GAA Amendments Act provide the Commissioner jurisdiction to review and approve the redomestication of Mutual Fire.
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 Mutual Fire policyholders.
4. In accordance with Section 357(b) of the Insurance Company Law, the Deputy Insurance Commissioner concludes that Mutual Fire would satisfy the requirements for licensure in the Commonwealth of Pennsylvania as a foreign insurer upon its redomestication to the State of Delaware.
5. In accordance with Section 205 of the GAA Amendments, the Deputy Insurance Commissioner, based on said Application, concludes this redomestication is in accordance with the law and is not injurious to the policyholders or creditors of Mutual Fire.
6. The Application was properly filed pursuant to and in accordance with the Insurance Company Law, the BCL and the GAA Amendments.
7. 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:

Approving the redomestication of Mutual Fire, Marine and Inland Insurance Company (“Mutual Fire”) to the State of Delaware and the issuance of a Certificate of Authority to Mutual Fire as a foreign insurance corporation as set forth in the Application, subject to this Order and the following conditions:

1. Mutual Fire shall obtain approval of the redomestication from the Delaware Insurance Department. A certified copy of the approval issued by the Delaware Insurance Department shall be provided to the Deputy Insurance Commissioner within three business days of receipt by Mutual Fire.
2. Mutual Fire shall file governing documents with the Delaware Insurance Department. Mutual Fire shall provide the Deputy Insurance Commissioner with a copy of the governing documents indicating receipt by the Delaware Insurance Department.
3. Mutual Fire shall surrender its current Certificate of Authority as a domestic insurance corporation to the Deputy Insurance Commissioner in exchange for the

issuance of a Certificate of Authority as a foreign insurance corporation within seven days of filing the governing documents with the Delaware Insurance Department.

4. Within five days of receiving all prerequisite documents, Mutual Fire shall request the necessary clearance certificates from the Pennsylvania Department of Revenue and from the Bureau of Employment Security of the Pennsylvania Department of Labor and Industry.
5. Within five days of receipt of the prerequisite clearance certificates, Mutual Fire shall, in accordance with Section 1980 of the BCL, file Articles of Dissolution with the Pennsylvania Department of State. Mutual Fire shall provide a copy of the Articles of Dissolution evidencing acceptance by the Pennsylvania Department of State to the Deputy Insurance Commissioner within ten days of receipt.

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

Stephen J. Johnson
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation