

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 Canonsburg Mutual Fire : as amended, 40 P.S. §§341 et seq.
Insurance Company for Approval to :
Surrender its Certificate of Authority to :
Operate as an Insurance Company :
: Order No. ID-RC-11-24

DECISION AND ORDER

AND NOW, on this 12th day of December, 2011, 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. Canonsburg Mutual Fire Insurance Company (“Canonsburg Mutual”) is a mutual property insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Canonsburg, Pennsylvania.
2. Canonsburg Mutual holds a certificate authorizing the transaction of the business of insurance in this Commonwealth (“Certificate of Authority”).
3. Conemaugh Valley Mutual Insurance Company (“Conemaugh Valley”) is a mutual property insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Johnstown, Pennsylvania.

The Surrender Filing

4. On October 3, 2011, the Pennsylvania Insurance Department (“Department”) received a request (which, together with all material received subsequently, is hereinafter referenced as “Request”) from Canonsburg Mutual to voluntarily surrender its Certificate of

Authority.

5. The Request includes a Plan of Withdrawal and proof of adequate provisions made for the discharge of liabilities.

Background

6. Canonsburg Mutual has received approval from the Department to reinsure its entire schedule of policies with Conemaugh Valley through an Assumption Reinsurance, Coinsurance and Assignment Agreement (“Bulk Transfer”).
7. The Bulk Transfer will be completed on or before December 31, 2011.
8. The Bulk Transfer provided, *inter alia*, for Conemaugh Valley to assume the rights, duties and obligations of all policies issued by Canonsburg Mutual.

Department Procedures

9. On November 5, 2011, the Department published notice in the *Pennsylvania Bulletin* that the Request was submitted by Canonsburg Mutual, and such notice invited interested persons to submit comments to the Department regarding the Request for a thirty day period.
10. On November 22, 2011, Insurance Agents & Brokers Service Group (“IA&B”) submitted a public comment concerning the treatment of producers in connection with the Request.
11. On December 6, 2011, counsel for Conemaugh Valley responded to the IA&B public comment.

The Filing

12. Canonsburg Mutual has provided documentation that its Board of Directors has resolved to surrender its Certificate of Authority.
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. By virtue of the Bulk Transfer, Canonsburg Mutual has made provisions for payment of policyholder claims.
2. Inasmuch as Canonsburg Mutual will be a going concern, the Department's approval of the Request will have no impact on any creditors of Canonsburg Mutual.
3. After the surrender of the Certificate of Authority, Canonsburg Mutual 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 by Canonsburg Mutual Fire Insurance Company (“Canonsburg Mutual”), subject to the following conditions:

1. Canonsburg Mutual 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 Canonsburg Mutual, 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