

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Donegal Mutual Insurance	:	Holding Companies Act, Article
Company 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,
Restructuring of its Holding Company	:	P.L. 682, as amended, 40 P.S.
System, which includes Conestoga Title	:	§§991.1401, 991.1402, and
Insurance Company	:	991.1403
	:	
	:	
	:	Order No. ID-RC-11-27

DECISION AND ORDER

AND NOW, on this 1st day of November, 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. Donegal Mutual Insurance Company (“Donegal”) is a domestic mutual property insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Marietta, Pennsylvania.

2. Commonwealth Insurance Services, Inc. (“CIS”) is a foreign corporation organized under the laws of Delaware with its principal place of business in Marietta, Pennsylvania. CIS is a wholly owned subsidiary of Donegal.
3. Conestoga Title Insurance Company (“Conestoga”) is a domestic title insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Lancaster, Pennsylvania. Conestoga is a wholly owned subsidiary of CIS.
4. Donegal is the sole ultimate controlling person of Conestoga.

Filing of the Application

5. On October 28, 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 Donegal for approval to effectuate a plan of reorganization of the holding company system that includes Conestoga.
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, the contemplated transaction calls for CIS to transfer 100% of the issued and outstanding shares of Conestoga to Donegal.
10. As described in the Application, upon completion of the contemplated transaction, Donegal will remain the sole ultimate controlling person of Conestoga.

11. The Deputy Commissioner finds that the transactions 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 transaction is not being contemplated to change or influence the ultimate control of the Domestic Insurers, 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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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 Donegal Mutual Insurance Company requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its holding company system, which includes Conestoga Title 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