

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

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| In Re: | : | Pursuant to Sections 1401, 1402, |
| | : | and 1403 of the Insurance |
| Application of U.S. Investment | : | Holding Companies Act, Article |
| Corporation Requesting Exemption from | : | XIV of the Insurance Company |
| the Requirements of 40 P.S. §991.1402 for | : | Law of 1921, Act of May 17, 1921, |
| the Restructuring of its Holding Company | : | P.L. 682, <u>as amended</u> , 40 P.S. |
| System, which includes Mount Vernon | : | §§991.1401, 991.1402, and |
| Specialty Insurance Company, Mount | : | 991.1403 |
| Vernon Fire Insurance Company and | : | |
| United States Liability Insurance | : | |
| Company | : | |
| | : | Order No. ID-RC-14-19 |

DECISION AND ORDER

AND NOW, on this 9th day of December, 2014, 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. Mount Vernon Specialty Insurance Company (“MVS”) is a domestic stock casualty insurance company organized under the laws of Pennsylvania with its principal place of business in Wayne, Pennsylvania.

2. Mount Vernon Fire Insurance Company (“MTV”) is a domestic stock property insurance company organized under the laws of Pennsylvania with its principal place of business in Wayne, Pennsylvania. MTV currently directly holds 100% of the issued and outstanding stock of MVS.
3. United States Liability Insurance Company (“USL”) is a domestic stock casualty insurance company organized under the laws of Pennsylvania with its principal place of business in Wayne, Pennsylvania. USL currently directly holds 100% of the issued and outstanding stock of MTV.
4. MVS, MTV and USL are collectively referenced as “The Domestic Insurers”.
5. U.S. Investment Corporation (“USIC”) is a domestic holding company organized under the laws of Pennsylvania with its principal place of business in Wayne, Pennsylvania. USIC currently directly holds 100% of the issued and outstanding stock of USL.
6. Berkshire Hathaway Inc. (“Berkshire”) is a foreign holding company organized under the laws of Delaware with its principal place of business in Omaha, Nebraska. Berkshire currently directly holds 100% of the issued and outstanding stock of USIC.
7. Warren E. Buffett (“Mr. Buffett”) is an individual with his primary residence located in Omaha, Nebraska. Mr. Buffett currently owns approximately 38.37% of the outstanding Class A shares and 0.17% of the Class B shares of Berkshire. This represents approximately 19.60% of the economic interest and 33.54% of the aggregate voting power, given the differing economic and voting rights of Class A relative to Class B stock.
8. Mr. Buffett is the sole ultimate controlling person of The Domestic Insurers.

Filing of the Application

9. On December 3, 2014, 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 USIC for approval to effectuate a plan of reorganization of the holding company system that includes The Domestic Insurers.
10. 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.

11. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
12. 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

13. As described in the Application, USIC will purchase from MTV their total shares of stock in MVS.
14. As described in the Application, upon the purchase of the shares, USIC will directly hold 100% of the issued and outstanding stock of MVS.
15. As described in the Application, upon purchase of the shares, Mr. Buffett will remain as the sole ultimate controlling person of MVS and the other Domestic Insurers.
16. 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.
17. 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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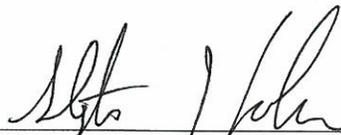
ORDER

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 U.S. Investment Corporation requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its holding company system, which includes Mount Vernon Specialty Insurance Company, Mount Vernon Fire Insurance Company and United States Liability 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