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January 3, 2019

VIA FEDEX DELIVERY

Pennsylvania Insurance Department
Office of Corporate and Financial Regulation
1345 Strawberry Square
Harrisburg, PA 17120
Attention: Cressinda Bybee, Chief, Company Licensing Division

RECEIVED
Corporate & Financial Regulation
JAN 4 2019
Pennsylvania
Insurance Department

ELECTRONIC DELIVERY TO: cbybee@pa.gov

Re: Second Response Letter
Professional Casualty Association, Physicians' Insurance Program Exchange, and
Positive Physicians Insurance Exchange – Reciprocal-to-Stock Conversions

Dear Ms. Bybee:

Reference is made to your letter dated December 31, 2018, which acknowledges the prior response and asks for additional information in connection with the filing of a Reciprocal-to-Stock-Conversions application (the "Application") relating to Professional Casualty Association ("PCA"), Physicians' Insurance Program Exchange ("PIPE"), and Positive Physicians Insurance Exchange ("PPIX") (collectively, the "Exchanges").

We will respond to the various items in your letter in the order presented. All responses in this letter and the Exhibits that accompany this letter shall be deemed to amend the Application, and, as appropriate, to replace any forms of documents filed as Exhibits to the Application. There is a specific request for confidential treatment as to certain information set forth at the end of this letter. We are including two copies of the Exhibits with the paper filing.

1. The response to Item 1.b. did not include a stamped copy of the Articles of Incorporation filed with the Department of State for Positive Physicians Holdings, Inc.

Accompanying this response letter and labelled Exhibit 1 is a stamped copy of the Articles of Incorporation filed with the Department of State for Positive Physicians Holdings, Inc.

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New York • Philadelphia • Princeton • Reading • Rochester • Scranton • Valley Forge • Wilkes-Barre • Wilmington
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2. The term sheet provided in response to Item 1.f. between Positive Physicians Holdings, Inc. and Legacy Texas Bank contains reference to the pledge of Positive Physicians Insurance Company stock as collateral. The Department requests an awareness letter from the finance company acknowledging their awareness of the filing and approval requirements of the Insurance Holding Companies Act.

Accompanying this response letter and labelled Exhibit 2 is an awareness letter from the finance company acknowledging their awareness of the filing and approval requirements of the Insurance Holding Companies Act.

3. The response to Item 1.h. did not include copies of the merger agreements for the merger of the PCA Conversion Corp. and PIPE Conversion Corp. into PPIX Conversion Corp.

Accompanying this response letter and labelled Exhibit 3 is a copy of the merger agreement for the merger of the PCA Conversion Corp. and PIPE Conversion Corp. into PPIX Conversion Corp.

4. The response to Item 2.c. remains outstanding.

Accompanying this response letter and labelled Exhibit 4 is a list of the Eligible Stockholders of Diversus.

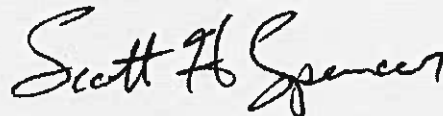
We hereby request confidential treatment of the list of the Eligible Stockholders of Diversus, found at Exhibit 4, submitted in response to Item 4, on the grounds that it contains non-public and sensitive personal, business and financial information that the parties consider to be in the nature of trade secrets. This Exhibit has been physically separated from the rest of this submission.

Questions about this filing may be directed to the undersigned at the phone number and email address listed in our letterhead.

Thank you for your consideration.

Sincerely,

STEVENS & LEE



Scott H. Spencer

**Positive Physicians Insurance Exchange
Professional Casualty Association
Physicians' Insurance Program Exchange**

**Applicants' Response Letter to Department
Comments December 31, 2018**

Non-Confidential (Public) Exhibits:

- Exhibit 1 - Articles of Incorporation**
- Exhibit 2 - Awareness Letter**
- Exhibit 3 - Merger Agreement**

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**Positive Physicians Insurance Exchange
Professional Casualty Association
Physicians' Insurance Program Exchange**

**Applicants' Response Letter to Department
Comments December 31, 2018**

Exhibit 1:

Articles of Incorporation

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**Pennsylvania
Insurance Department**

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS
401 NORTH STREET, ROOM 206
P.O.BOX 8722
HARRISBURG, PA 17105-8722
WWW.CORPORATIONS.PA.GOV

Stevens & Lee PC *** COUNTER PICK-UP - DO NOT MAIL ***
Counter Pickup
PA

Positive Physicians Holdings, Inc.


THE BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS IS HAPPY TO SEND YOUR FILED DOCUMENT. THE BUREAU IS HERE TO SERVE YOU AND WE WOULD LIKE TO THANK YOU FOR DOING BUSINESS IN PENNSYLVANIA.

IF YOU HAVE ANY QUESTIONS PERTAINING TO THE BUREAU, PLEASE VISIT OUR WEBSITE AT www.dos.pa.gov/BusinessCharities OR YOU MAY CONTACT US BY TELEPHONE AT (717)787-1057. INFORMATION REGARDING BUSINESS AND UCC FILINGS CAN BE FOUND ON OUR SEARCHABLE DATABASE AT www.corporations.pa.gov/Search/CorpSearch .

ENTITY NUMBER : 6708756

Entity# : 6708756
Date Filed : 05/01/2018
Pennsylvania Department of State

**PENNSYLVANIA DEPARTMENT OF STATE
BUREAU OF CORPORATIONS AND CHARITABLE ORGANIZATIONS**

<input type="checkbox"/> Return document by mail to: Name _____ Address _____ City _____ State _____ Zip Code _____	Articles of Incorporation - For Profit DSCB.15-1306/2102/2303/2702/2903/3101/3303/7102 (rev. 2/2017)  TML180501ZND428
<input checked="" type="checkbox"/> Return document by email to: <u>mmz@stevenslee.com</u> ✓	

Read all instructions prior to completing. This form may be s...

Fee: \$125 I qualify for a veteran/reservist-owned small business fee exemption (see instructions)

- Check only one:
- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Business-stock (§ 1306) | <input type="checkbox"/> Management (§ 2703) | <input type="checkbox"/> Benefit (§ 3303) |
| <input type="checkbox"/> Business-nonstock (§ 2102) | <input type="checkbox"/> Professional (§ 2903) | <input type="checkbox"/> Cooperative (§ 7102) |
| <input type="checkbox"/> Business-statutory close (§ 2303) | <input type="checkbox"/> Insurance (§ 3101) | |

In compliance with the requirements of the applicable provisions (relating to corporations and unincorporated associations), the undersigned, desiring to incorporate a corporation for profit, hereby states that:

1. The name of the corporation (*corporate designator required, i.e., "corporation," "incorporated," "limited," "company," or any abbreviation thereof. "Professional corporation" or "P.C." permitted for professional corporations*):
Positive Physicians Holdings, Inc.

2. Complete part (a) or (b) – not both:

(a) The address of this corporation's proposed registered office in this Commonwealth is:
(*post office box alone is not acceptable*)

100 Berwyn Park	850 Cassatt Road	Suite 220	Berwyn	PA	19312	Chester
Number and Street	City	State	Zip	County		

(b) The name of this corporation's commercial registered office provider and the county of venue is:

Name of Commercial Registered Office Provider	County
---	--------

3. The corporation is incorporated under the provisions of the Business Corporation Law of 1988.

4. Check and complete one:

The corporation is organized on a nonstock basis.

The corporation is organized on a stock share basis and the aggregate number of shares authorized is:
1,000 shares of common stock with no par value

5. The name and address, including number and street, if any, of each incorporator (*all incorporators must sign below*):

Name	Address
Melissa M. Zelders	c/o Stevens & Lee 17 N. 2 nd Street, Harrisburg, PA 17101

6. The specified future effective date, if any: _____,
month/day/year hour, if any

7. Additional provisions of the articles, if any, attach an 8½ by 11 sheet.

8. *Statutory close corporation only:* Neither the corporation nor any shareholder shall make an offering of any of its shares of any class that would constitute a "public offering" within the meaning of the Securities Act of 1933 (15 U.S.C. § 77a et seq.)

9. *For Cooperative Corporation Only:*

~~Check and complete one:~~

~~_____ The corporation is a cooperative corporation and the common bond of membership among its members is: _____~~

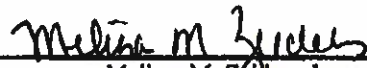
~~_____ The corporation is a cooperative corporation and the common bond of membership among its shareholders is: _____~~

10. *Benefit corporations only:* This corporation shall have the purpose of creating general public benefit.

~~Strike out if inapplicable: This corporation shall have the purpose of creating the enumerated specific public benefit(s): _____~~

IN TESTIMONY WHEREOF, the incorporator has signed these Articles of Incorporation this

30 day of April, 2018.



Melissa M. Zelders, Incorporator

**Positive Physicians Insurance Exchange
Professional Casualty Association
Physicians' Insurance Program Exchange**

**Applicants' Response Letter to Department
Comments December 31, 2018**

Exhibit 2:

Awareness Letter

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Insurance Department



Pennsylvania Insurance Department
Office of Corporate and Financial Regulation
1345 Strawberry Square
Harrisburg, PA 17120
Attention: Cressinda Bybee, Chief, Company Licensing Division

January 2, 2019

Re: Loan to Positive Physicians Holdings (PPH)

Dear Ms. Bybee,

We have been provided with a copy of your letter dated December 31, 2018, which addresses certain matters in connection with the filing of a Reciprocal-to Stock-Conversions application (the "Application") relating to Professional Casualty Association ("PCA"), Physicians' Insurance Program Exchange ("PIPE"), and Positive Physicians Insurance Exchange ("PPIX") (collectively, the "Exchanges").

In Item 2 of your letter, you state, "The term sheet provided in response to item 1.f. between Positive Physicians Holdings, Inc. and LegacyTexas Bank contains reference to the pledge of Positive Physicians Insurance Company stock as collateral. The Department requests an awareness letter from the finance company acknowledging their awareness of the filing and approval requirements of the Insurance Holding Companies Act."

LegacyTexas Bank hereby acknowledges our awareness of the provisions of the Pennsylvania Insurance Holding Companies Act, 40 P.S. §991.1401, et seq., including the filing and approval requirements for persons seeking to obtain control of a Pennsylvania insurance company. Without limiting the generality of our acknowledgement, we specifically acknowledge that actions to gain control of Positive Physicians Insurance Company (PPIC) pursuant to the pledge of the stock of PPIC under the proposed loan will come within the filing and approval requirements of the Insurance Holding Companies Act.

Thank you for your consideration of this letter, and please do not hesitate to contact the undersigned if you have further questions or require further information.

Regards,


J. Carey Womble Director, Insurance Finance Group

LegacyTexas Bank

Carey.womble@legacytexas.com

**Positive Physicians Insurance Exchange
Professional Casualty Association
Physicians' Insurance Program Exchange**

**Applicants' Response Letter to Department
Comments December 31, 2018**

Exhibit 3:

Merger Agreement

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Pennsylvania
Insurance Department

PLAN OF MERGER
OF
PCA CONVERSION CORP. and PIPE CONVERSION CORP.
WITH AND INTO
PPIX CONVERSION CORP.

THIS PLAN OF MERGER ("Plan of Merger") dated as of _____, 2019¹, between PPIX CONVERSION CORP., a Pennsylvania corporation ("PPIXCC"), PCA CONVERSION CORP., a Pennsylvania corporation ("PCACC"), and PIPE CONVERSION CORP., a Pennsylvania corporation ("PIPECC").

WHEREAS, PPIXCC has been formed at the direction of Positive Physicians Insurance Exchange ("PPIX") to succeed to PPIX in connection with a plan of conversion from reciprocal to stock form pursuant to the Pennsylvania Medical Professional Liability Reciprocal Exchange-to-Stock Conversion Act, 40 P.S. §3501, *et seq.* (the "Conversion Act"); and

WHEREAS, PCACC has been formed at the direction of Professional Casualty Association ("PCA") to succeed to PCA in connection with a plan of conversion from reciprocal to stock form pursuant to the Conversion Act; and

WHEREAS, PIPECC has been formed at the direction of Physicians' Insurance Program Exchange ("PIPE") to succeed to PIPE in connection with a plan of conversion from reciprocal to stock form pursuant to the Conversion Act; and

WHEREAS, as part of the aforesaid plans of conversion (the "Conversion Plans"), each of PCACC and PIPECC is to merge with and into PPIXCC as the "Surviving Association" (hereinafter defined) to form a single insurance company that is the successor to the operations of PPIX, PCA and PIPE;

WHEREAS, as part of the Conversion Plans, Positive Physicians Holdings, Inc., a Pennsylvania corporation ("Holdings"), has been formed to serve as the parent corporation of the Surviving Association;

WHEREAS, the respective Boards of Directors of each of PPIXCC, PCACC and PIPECC have authorized, approved and adopted this Plan of Merger in accordance with the

¹ This form of Plan of Merger has been approved by the Boards of Directors of the constituent entities. It will be executed and delivered in connection with the closing of the Plans of Conversion as contemplated by such Plans of Conversion.

**Version Dated January 3, 2019 for Review by Pennsylvania Insurance Department
Form to be executed after regulatory approval of the Plans of Conversion**

provisions of Section 321(d)(1)(iii) of the Pennsylvania Entity Transactions Law, as amended (the "Transactions Law");

WHEREAS, at the date of this Plan of Merger, none of PPIXCC, PCACC or PIPECC has issued any shares or has any shareholders, and at the Effective Time (hereinafter defined), none of PPIXCC, PCACC or PIPECC will have issued any shares or will have any shareholders, and, accordingly, under the Transactions Law, the Merger hereunder requires the approval of only the Boards of Directors of PPIXCC, PCACC and PIPECC;

WHEREAS, immediately after the Effective Time, the Surviving Association will issue its shares to Holdings, whereupon Holdings will become the sole shareholder and parent corporation of the Surviving Association.

NOW, THEREFORE, PPIXCC, PCACC and PIPECC, each intending to be legally bound hereby, and in accordance with the applicable provisions of the Conversion Act and the Transactions Law, agree as follows:

ARTICLE I
Merger

Subject to the terms and conditions of this Plan of Merger, at the Effective Time (as that term is defined in Article V hereof), each of PCACC and PIPECC shall merge with and into PPIXCC, each of PCACC and PIPECC shall cease to exist, and PPIXCC shall be the surviving association (such transaction is referred to herein as the "Merger"). PPIXCC, as the surviving association in the Merger, is sometimes referred to herein as the "Surviving Association". PCACC and PIPECC are sometimes referred to herein as the "Merged Associations".

ARTICLE II
Articles of Incorporation and Bylaws

From and after the Effective Time, the Articles of Incorporation of the Surviving Association shall be amended and restated to be in the form of Exhibit A attached hereto. Without limiting the effect of the amendment and restatement of the Articles of Incorporation of the Surviving Association, the name of the Surviving Association shall therein be changed to "Positive Physicians Insurance Company." From and after the Effective Time, the Bylaws of the Surviving Association shall be amended and restated to be in the form of Exhibit B attached hereto.

ARTICLE III
Board of Directors and Officers

From and after the Effective Time, the Board of Directors and Officers of the Surviving Association shall be composed of those persons set forth on Exhibit C attached hereto, who shall continue to serve as members of such Board of Directors or as such Officers until such time as their successors are elected or their resignation or removal.

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Form to be executed after regulatory approval of the Plans of Conversion**

**ARTICLE IV
Effect on Shares of PCACC and PIPECC**

No shares of stock of PPIXCC, PCACC or PIPECC are or shall be outstanding at the Effective Time.

**ARTICLE V
Condition to Closing; Effective Time of the Merger**

1. The closing of the Merger (the "Closing") is expressly conditioned on the completion of the Conversion Plans in accordance with the Conversion Act (the "Conversion Transaction").

2. Unless this Agreement is terminated in accordance with Article VII, the Closing will take place on a date mutually selected by PPIXCC, PCACC and PIPECC in connection with the completion of the Conversion Transaction (the date on which the Closing actually occurs is referred to herein as the "Closing Date"). The Merger shall be effective on the date and at the time of the filing of a Statement of Merger with respect to the Merger with the Secretary of State of the Commonwealth of Pennsylvania pursuant to the Transactions Law (such date and time being referred to herein as the "Effective Time").

**ARTICLE VI
Effect of the Merger**

At the Effective Time, the separate existence of the Merged Associations shall cease, and all of the property, real, personal and mixed, and franchises of the Merged Associations, and all debts due on whatever account to either of them, shall be deemed to be vested in the Surviving Association, without further act or deed, as further provided in Section 336 of the Transactions Law. The Surviving Association shall thenceforth be responsible for all the liabilities and obligations of, and shall be the owner of all the assets of, each of the Merged Associations, as provided in the Transactions Law.

**ARTICLE VII
Termination**

Anything contained in this Plan of Merger to the contrary notwithstanding, this Plan of Merger may be terminated and the Merger abandoned upon action by the respective Boards of Directors of all of PPIXCC, PCACC and PIPECC at any time prior to the Effective Time.

**Version Dated January 3, 2019 for Review by Pennsylvania Insurance Department
Form to be executed after regulatory approval of the Plans of Conversion**

IN WITNESS WHEREOF, the parties have each executed this Plan of Merger as of the date first written above in accordance with the Transactions Law.

PPIX CONVERSION CORP.

By _____
Name:
Title:

PCA CONVERSION CORP.

By _____
Name:
Title:

PIPE CONVERSION CORP.

By _____
Name:
Title:

Exhibit A

Amended and Restated Articles of Incorporation of the Surviving Association

See Attached

Exhibit B

Amended and Restated Bylaws of the Surviving Association

See Attached

Exhibit C

Directors and Officers of the Surviving Association

See Attached