

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of The Reamstown Mutual	:	Holding Companies Act, Article
Insurance Company in Support of its	:	XIV of the Insurance Company the
Request for Approval to Merge	:	Law of 1921, Act of May 17, 1921,
with Reamstown Mutual Fire	:	P.L. 682, as amended, 40 P.S.
Insurance Company with The Reamstown	:	§§991.1401, 991.1402, and
Mutual Insurance Company Being the	:	991.1403; Sections 1921 through
Survivor in a Transaction Exempt from	:	1929 of the 1988 Business
the Requirements of 40 P.S. §991.1402	:	Corporation Law, Act of
	:	December 21, 1988, P.L. 1444, No.
	:	177, as amended, 15 Pa. C.S.
	:	§§1921-1928; Sections 205 and 207
	:	of the GAA Amendments Act of
	:	1990, Act of December 19, 1990,
	:	P.L. 834, No. 198, as amended, 15
	:	P.S. §§21205 and 21207.
	:	:
	:	Order No. ID-RC-01-30

DECISION AND ORDER

AND NOW, on this 20<sup>th</sup> day of September, 2001, 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, the 1988 Business Corporation Law and the GAA Amendments Act of 1990, 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 Entities

1. The Reamstown Mutual Insurance Company (“Reamstown Mutual”) is a domestic mutual fire insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Reamstown, Pennsylvania.
2. Reamstown Mutual Fire Insurance Company (“Reamstown Fire”) is a domestic mutual fire insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Reamstown, Pennsylvania.
3. Reamstown Mutual and Reamstown Fire are under common control since both companies have the same board of directors, corporate officers, and share the same principal place of business.

### Filing of the Application

4. 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 mergers or other acquisitions of control of domestic insurers must be filed with the Department for approval or disapproval.
5. Section 1402 (g) of the Insurance Holding Companies Act provides for exemption from the requirements of Section 1402:
  - a) if the merger does not have the effect of changing or influencing the control of a domestic insurer, or
  - b) if the transaction is otherwise not comprehended within the purposes of Section 1402.
6. The 1988 Business Corporation Law, Act of December 21, 1988, P.L. 1444, as amended, Sections 1921 through 1929, 15 Pa. C.S. §§1921 through 1929 (“1988 BCL”), and the GAA Amendments Act of 1990, P.L. 834, No. 198, as amended, Sections 205 and 207, 15 P.S. §§21205 and 21207 (“GAA Amendments Act”), provide that all plans of merger of domestic insurers must be filed with the Department for approval or disapproval.
7. On July 2, 2001, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial application (which together with all material received subsequently is collectively referenced as “Application”) from Reamstown Mutual requesting approval to merge Reamstown Fire with and into Reamstown

Mutual, with Reamstown Mutual being the survivor.

8. The Application was filed with the Department pursuant to Section 1402(g) of the Insurance Holding Companies Act and Section 205 of the GAA Amendments Act.

#### Notice and Filing of Comments

9. On July 21, 2001, the Department published notice in the Pennsylvania Bulletin that the Application had been submitted by Reamstown Mutual and such notice invited interested persons to submit comments to the Department regarding the Application for a thirty (30) day period, ending August 20, 2001.
10. During the thirty (30) day public comment period, the Department received no comments regarding the Application.

#### The Transaction

11. Reamstown Mutual and Reamstown Fire executed as Agreement and Plan of Merger dated as of May 17, 2001 ("Merger Agreement"), which provides for Reamstown Fire to merge with and into Reamstown Mutual, with Reamstown Mutual being the surviving corporation.
12. As described in the Application, the Merger Agreement was adopted by the Board of Directors of Reamstown Mutual and Reamstown Fire respectively on May 17, 2001.
13. As described in the Application, on August 2, 2001, Reamstown Fire and Reamstown Mutual each had a meeting of their policyholders and the policyholders at their respective meeting approved the merger.
14. As described in the Application, upon the effective date each policyholder/member of Reamstown Fire on the effective date of the merger shall, by virtue of the Merger Agreement and without any action on the part of the policyholder/member thereof, will become a policyholder/member of Reamstown Mutual.
15. As described in the Application, at the effective date, the Articles of Incorporation and By-Laws of Reamstown Mutual in effect at the effective date, shall be the Articles of Incorporation and By-Laws of Reamstown Mutual after the merger.
16. As described in the Application, the members of the board of directors and the officers of Reamstown Mutual at the effective date shall be the members of the board of directors and the officers of Reamstown Mutual after the merger.
17. As described in the Application, Reamstown Mutual shall thenceforth be responsible and liable for all the liabilities and obligations of Reamstown Fire.

18. Reamstown Mutual and Reamstown Fire are both licensed only in the Commonwealth of Pennsylvania, and Reamstown Mutual does not plan to expand into any other states after the merger.
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. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the merger of Reamstown Mutual and Reamstown Fire.
2. Under Section 1402(g) of the Insurance Holding Companies Act, the Department shall exempt a merger from the requirements of Section 1402 if the merger does not have the effect of changing or influencing the control of a domestic insurer.
3. Pursuant to Section 1402(g) of the Insurance Holding Companies Act, the Deputy Commissioner concludes that the proposed merger does have the effect of changing or influencing the control of a domestic insurer and, therefore, is exempt from the requirements of the Insurance Holding Companies Act.
4. The Deputy Commissioner concludes that the terms and conditions of the Merger Agreement satisfy the requirements of Section 1922 of the 1988 BCL.
5. The Deputy Commissioner concludes that the Merger Agreement satisfies the requirements of Section 1924 of the 1988 BCL as it has been adopted by the Board of Directors of Reamstown Mutual and Reamstown Fire and by the policyholders of Reamstown Mutual and Reamstown Fire.
6. The Deputy Commissioner concludes that the Articles of Merger will satisfy the requirements of Section 1926 of the 1988 BCL.
7. The Deputy Commissioner concludes that the Merger Agreement will be effective on or after proper filing of Articles of Merger with the Department of State pursuant to Sections 1927 and 1928 of the 1988 BCL.
8. The Deputy Commissioner concludes that, if the proposed merger is consummated, all the rights, privileges, immunities, powers and purposes of Reamstown Fire will be conveyed to the surviving entity, as a matter of law, pursuant to Section 1929 of the 1988 BCL.
9. Pursuant to Section 205(b) of the GAA Amendments Act, the Deputy Commissioner, concludes that the terms and conditions of the proposed merger are fair and that the

proposed merger is in accordance with law and not injurious to the interests of the policyholders and creditors.

10. The Application satisfies the requirements of the Insurance Holding Companies Act, the 1988 BCL and the GAA Amendments Act.
11. 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.

