

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402,
: and 1403 of the Insurance
Application of Daily Express, Inc. : Holding Companies Act, Article
Requesting Exemption from the : XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 for : Law of 1921, Act of May 17, 1921,
the Restructure of the Holding : P.L. 682, as amended, 40 P.S.
Company System Containing Daily : §§991.1401, 991.1402, and
Underwriters of America, Inc. : 991.1403
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: ID-RC-01-37

DECISION AND ORDER

AND NOW, on this 26th day of December, 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 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 Parties

1. Daily Underwriters of America, Inc. ("Daily Underwriters") is a stock property insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business

located in Carlisle, Pennsylvania.

2. Daily Underwriters Holding Company ("Holding Company") is an insurance holding company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Carlisle, Pennsylvania. Holding Company currently directly controls 100% of the issued and outstanding common stock of Daily Underwriters.
3. Daily Express, Inc. ("Daily Express") is a for profit company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Carlisle, Pennsylvania. Daily Express directly controls 100% of the issued and outstanding voting stock of Holding Company.
4. Robert F. Long ("Mr. Long") is an individual whose principal place of business is Carlisle, Pennsylvania. Mr. Long owns 65% of the issued and outstanding stock in Daily Express.
5. Rita M. Meyer ("Ms. Meyer") is an individual whose principal place of business is Alexandria, Virginia. Ms. Meyer owns 30% of the issued and outstanding stock in Daily Express.
6. Mr. Long and Ms. Meyer are the ultimate controlling persons of Daily Underwriters.

Acquisition Filing

7. 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 changes in control of domestic insurers must be filed with the Department for approval or disapproval.
8. On September 6, 2001, the Insurance Department of the Commonwealth of Pennsylvania ("Department") received an initial request (which together with all material received subsequently is collectively referenced as "Request") from Daily Express for approval to effectuate a corporate restructuring, which would result in a change in the chain of control within the holding company system of Daily Underwriters.

9. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

Standards of Review

10. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction does not:
 - a) 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.

Description of the Proposed Restructuring

11. As described in the Request, the plan involves the merger of Holding Company with and into Daily Express. Daily Express would be the surviving company and would directly hold 100% of issued and outstanding stock of Daily Underwriters.
12. As described in the Request, Mr. Long and Ms. Meyer would remain the ultimate controlling persons of Daily Underwriters, after consummation of the proposed merger.
13. The Deputy Commissioner finds that the transaction described in the Request would not have the effect of changing in influencing the control of domestic insurer as described within Section 1402 of the Insurance Holding Companies Act.
14. 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 voting securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Request satisfies the requirements of all applicable laws and regulations.
3. The restructure of the holding company system proposed in the Request would not have the effect of changing in influencing the control of a domestic insurer as described within the section and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
4. 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.

