

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402, and
	:	1403 of the Insurance Holding
Application of Eugene Ziemba	:	Companies Act, Article XIV of the
Requesting Exemption from the	:	Insurance Company Law of 1921, Act of
Requirements of 40 P.S. §991.1402 to	:	May 17, 1921, P.L. 682, <u>as amended</u> , 40
Increase his Percentage of Control of	:	P.S. §§991.1401, 991.1402, and
Physicians' Insurance Program	:	991.1403
Management Company, Attorney-In-	:	
Fact for Physicians' Insurance Program	:	
Exchange	:	Order No. ID-RC-14-06

DECISION AND ORDER

AND NOW, on this 28th day of May, 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 Parties

1. Physicians' Insurance Program Exchange ("PIPE") is a licensed reciprocal insurance exchange organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Upper Gwynedd, Pennsylvania.
2. Physicians' Insurance Program Management Company ("PIPMC") is a domestic business corporation organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Upper Gwynedd, Pennsylvania. PIPMC is the attorney-in-fact for PIPE.

3. Sara Carpenter (“Carpenter”) owns 50% of the outstanding voting securities of PIPMC.
4. Eugene Ziemba Sr. (“Ziemba”) owns 50% of the outstanding voting securities of PIPMC.
5. Carpenter and Ziemba are the ultimate controlling persons of PIPE.

Filing of the Application

6. On May 12, 2014, the Pennsylvania Insurance Department (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from Ziemba for approval to increase his indirect control over PIPE.
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 a domestic insurer must be filed with the Department for approval or disapproval.
8. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
9. 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.
10. As described in the Request, Ziemba would acquire from Carpenter her 50% interest in PIPMC resulting in PIPMC becoming a wholly-owned subsidiary of Ziemba and Ziemba becoming the sole ultimate controlling person of PIPE.
11. The Deputy Commissioner finds that the transaction described in the Request does 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 voting securities 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 Request was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
4. The increase in the percent of ownership of voting securities as presented in the Request is not being contemplated to change or influence the control of PIPE, 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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Fact for Physicians' Insurance Program	:	
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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 request of Eugene Ziemba for exemption from the requirements of 40 P.S. §991.1402 to increase his percentage of control of Physicians' Insurance Program Management Company, attorney-in-fact for Physicians' Insurance Program Exchange, as set forth in the Request, is hereby granted.

This Order is effective immediately and valid for one year from the date of signature, provided there are no significant changes from the Request.

STEPHEN J. JOHNSON
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation