

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Guard Insurance Group,	:	Holding Companies Act, Article
Inc. Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 for the	:	Law of 1921, Act of May 17, 1921,
Restructuring of its Holding Company	:	P.L. 682, <u>as amended</u> , 40 P.S.
System, which includes AmGuard	:	§§991.1401, 991.1402, and
Insurance Company, EastGuard Insurance	:	991.1403
Company, NorGuard Insurance Company	:	
and WestGuard Insurance Company	:	
	:	
	:	Order No. ID-RC-14-14

DECISION AND ORDER

AND NOW, on this 29th day of September, 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. WestGuard Insurance Company ("WIC") is a domestic stock casualty insurance company organized under the laws of Pennsylvania with its principal place of business in Wilkes-Barre, Pennsylvania.

2. EastGuard Insurance Company (“EIC”) is a domestic stock casualty insurance company organized under the laws of Pennsylvania with its principal place of business in Wilkes-Barre, Pennsylvania. EIC currently directly holds 12% of the issued and outstanding stock of WIC.
3. AmGuard Insurance Company (“AIC”) is a domestic stock casualty insurance company organized under the laws of Pennsylvania with its principal place of business in Wilkes-Barre, Pennsylvania. AIC currently directly holds 40% of the issued and outstanding stock of WIC.
4. NorGuard Insurance Company (“NIC”) is a domestic stock casualty insurance company organized under the laws of Pennsylvania with its principal place of business in Wilkes-Barre, Pennsylvania. NIC currently directly holds 48% of the issued and outstanding stock of WIC.
5. NIC, AIC, EIC and WIC are collectively referenced as “The Domestic Insurers”.
6. Guard Insurance Group, Inc. (“GIG”) is a foreign holding company organized under the laws of Delaware with its principal place of business in Wilkes-Barre, Pennsylvania. GIG currently holds either directly or indirectly 100% of the issued and outstanding stock of The Domestic Insurers.
7. National Indemnity Company (“NICO”) is a foreign stock casualty insurance company organized under the laws of Nebraska with its principal place of business in Omaha, Nebraska. NICO currently directly holds 100% of the issued and outstanding stock of GIG.
8. 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 NICO.
9. Warren E. Buffett (“Mr. Buffett”) is an individual with his primary residence located in Omaha, Nebraska. Mr. Buffett currently owns approximately 39.36% of the outstanding Class A shares and 0.11% of the Class B shares of Berkshire. This represents approximately 20.49% of the economic interest and 34.57% of the aggregate voting power, given the differing economic and voting rights of Class A relative to Class B stock.
10. Mr. Buffett is the sole ultimate controlling person of The Domestic Insurers.

Filing of the Application

11. On September 8, 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 GIG for approval to effectuate a plan of reorganization of the holding company system that includes The Domestic Insurers.

12. 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.
13. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
14. 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

15. As described in the Application, AIC, EIC and NIC will each distribute, in the form of a dividend to GIG, their total shares of stock in WIC.
16. As described in the Application, upon payment of the dividends, GIG will directly hold 100% of the issued and outstanding stock of WIC.
17. As described in the Application, upon payment of the dividends, Mr. Buffett will remain as the sole ultimate controlling person of The Domestic Insurers.
18. The Deputy Commissioner finds that the transactions described in the Application would not have the effect of changing or influencing the control of a domestic insurer.
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 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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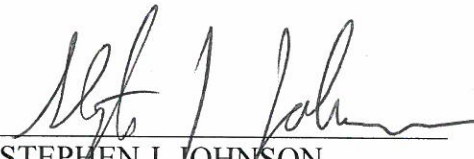
ORDER

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 Guard Insurance Group, Inc. requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its holding company system, which includes AmGuard Insurance Company, EastGuard Insurance Company, NorGuard Insurance Company and WestGuard 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