

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Church Mutual Insurance	:	Holding Companies Act, Article
Company 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 that Includes CM Regent	:	§§991.1401, 991.1402, and
Insurance Company	:	991.1403
	:	
	:	Order No. ID-RC-19-07

DECISION AND ORDER

AND NOW, on this 16th day of August, 2019, Joseph DiMemmo, 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. CM Regent Insurance Company (“CM Regent”) is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Mechanicsburg, Pennsylvania.
2. Church Mutual Insurance Company (“Church Mutual”) is a foreign mutual casualty insurance company organized under the laws of Wisconsin with its principal place of business in Merrill, Wisconsin. Church Mutual currently directly holds 100% of the issued and outstanding stock of CM Regent.

3. The current ultimate controlling person of CM Regent is Church Mutual, whose policyholders have an “undivided ownership interest” in Church Mutual while they remain policyholders of Church Mutual.

Filing of the Application

4. On June 24, 2019, 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 Church Mutual for approval to restructure their holding company system that includes CM Regent.
5. 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.
6. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
7. 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

8. As described in the Application, Church Mutual filed with the Wisconsin Office of the Commissioner of Insurance a request for approval to restructure by forming a mutual insurance holding company (to be named Church Mutual Holding Company, Inc.) and converting Church Mutual into a stock insurance company (to be renamed Church Mutual Insurance Company, S.I.) that is wholly owned by the mutual holding company.
9. As described in the Application, under Church Mutual’s Mutual Holding Company Plan, 100% of the stock of CM Regent will be transferred by Church Mutual to Church Mutual Holding Company, Inc. (“Holding Company”) on the effective date of the restructuring.

10. As described in the Application, the ultimate controlling person will be Holding Company.
11. As described in the Application, the members of CM Regent's ultimate controlling person will not change as a result of the restructuring -- the policyholders of Church Mutual Insurance Company, S.I. ("Church Stock") will have an "undivided ownership interest" in Holding Company while they remain policyholders of Church Stock.
12. As described in the Application, the identity of the directors and officers of CM Regent's ultimate controlling person will not change as a result of the restructuring, the current directors and officers of Church Mutual will serve as the directors and officers of Holding Company.
13. The Insurance Commissioner of the Commonwealth of Pennsylvania ("Commissioner") has delegated to the Deputy Insurance Commissioner the authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer.
14. The Deputy Commissioner finds that the transaction described in the Application would not have the effect of changing or influencing the control of a domestic insurer.
15. 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 Insurance Commissioner has delegated authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer to the Deputy Insurance Commissioner.
3. The Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
4. The Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
5. The restructuring of the holding company system proposed in the Application is not being contemplated to change or influence the ultimate control of CM Regent, and, therefore, is exempt from the requirements of Section 1402(b) of the

Insurance Holding Companies Act.

- 6. 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 No. ID-RC-19-07

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 Church Mutual Insurance Company requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its holding company system which includes CM Regent Insurance Company, as set forth in the Application, is hereby granted, subject to this Order and the following conditions:

1. The parties shall obtain all necessary regulatory approvals from the Wisconsin Office of the Commissioner of Insurance and other jurisdictions that are related to the restructuring.
2. The parties shall obtain all necessary approvals from the policyholders of Church Mutual Insurance Company.

This Order is effective immediately and valid for one year, provided there are no material changes to the representations provided in the application.





JOSEPH DIMEMMO
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation