

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of LandAmerica Financial	:	Holding Companies Act, Article
Group, Inc. in Support of the Request	:	XIV of the Insurance Company
for Approval to Merge Industrial Valley	:	Law of 1921, Act of May 17, 1921,
Title Insurance Company with and into	:	P.L. 682, <u>as amended</u> , 40 P.S.
Commonwealth Land Title Insurance	:	§§991.1401, 991.1402, and
Company with Commonwealth Land	:	991.1403; Sections 1921 through
Title Insurance Company Being the	:	1929 of the 1988 Business
Survivor in a Transaction Exempt from	:	Corporation Law, Act of
the Requirements of 40 P.S. §991.1402	:	December 21, 1988, P.L. 1444, No.
	:	177, <u>as amended</u> , 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, <u>as amended</u> , 15
	:	P.S. §§21205 and 21207.
	:	:
	:	Order No. ID-RC-02-28

DECISION AND ORDER

AND NOW, on this   9th   day of December, 2002, 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. Industrial Valley Title Insurance Company (“Industrial”) is a domestic title insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Richmond, Virginia.
2. Commonwealth Land Title Insurance Company (“Commonwealth”) is a domestic title insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Richmond, Virginia. Commonwealth owns 100% of the outstanding capital stock of Industrial.
3. LandAmerica Financial Group, Inc. (“LandAmerica”) is a business corporation organized under the laws of the Commonwealth of Virginia with its principal place of business in Richmond, Virginia. LandAmerica owns 100% of the outstanding capital stock of Commonwealth.

### 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, 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 November 13, 2002, 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 LandAmerica requesting approval to merge Industrial with and into Commonwealth with Commonwealth 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 November 23, 2002, the Department published notice in the Pennsylvania Bulletin that the Application had been submitted by LandAmerica and such notice invited interested persons to submit comments to the Department regarding the Application for a 14-day period, ending December 7, 2002.
10. During the 14-day public comment period, the Department received no comments regarding the Application.

#### The Transaction

11. Industrial and Commonwealth executed a Plan of Merger dated as of November 1, 2002 (“Merger Agreement”) which provides for Industrial to merge with and into Commonwealth, with Commonwealth being the surviving corporation.
12. The board of directors of Industrial, on June 12, 2002, voted in the affirmative on the Merger Agreement.
13. The board of directors of Commonwealth, on June 12, 2002, voted in the affirmative on the Merger Agreement.
14. LandAmerica, as the sole shareholder of Commonwealth, on June 1, 2000, voted in the affirmative on the Merger Agreement.
15. As described in the Application, Commonwealth shall acquire all of the assets of Industrial and assume all of the debts and other liabilities of Industrial.
16. As described in the Application, the members of the board of directors and the officers of Commonwealth prior to the merger shall be the members of the board of directors and the officers of Commonwealth after the merger.
17. As described in the Application, no director, officer, agent or employee of any party to the proposed merger shall receive any fee, commission, compensation or other valuable consideration whatsoever, solely for in any manner aiding, promoting or assisting herein.
18. 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 Industrial and Commonwealth.
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 not change the ultimate controlling person of the parties to the merger and, therefore, is exempt from the requirements of the Insurance Holding Companies Act.
4. The Deputy Commissioner concludes that the preparation of the Plan of Merger, pertaining to the terms and conditions, satisfies the requirements of Section 1922 of the 1988 BCL.
5. Pursuant to Section 1924(a) of the 1988 BCL, the Deputy Commissioner concludes that the Merger Agreement has been adopted and consented to by the shareholder of Commonwealth on June 1, 2000, and by the Board of Directors of Industrial and the Board of Directors of Commonwealth on June 12, 2002.
6. The Deputy Commissioner concludes that the provision of Section 1925 of the 1988 BCL does not apply as Industrial and Commonwealth are both Pennsylvania domestic business corporations.
7. The Deputy Commissioner concludes that the Articles of Merger will satisfy the requirements of Section 1926 of the 1988 BCL.
8. The Deputy Commissioner concludes that the Merger Agreement will be effective upon proper filing of Articles of Merger with the Department of State, pursuant to Sections 1927 and 1928 of the 1988 BCL.
9. The Deputy Commissioner concludes that, if the proposed merger is consummated, all the rights, privileges, immunities, powers and purposes of Industrial will be conveyed to the surviving entity, as a matter of law, pursuant to Section 1929 of the 1988 BCL.
10. Pursuant to Section 205(b) of the GAA Amendments Act, the Deputy Commissioner, believes this merger is in accordance with law, not inequitable to the shareholders of the title insurance companies involved and will not substantially reduce the security of and service to be rendered to policyholders of

the title insurance companies in this Commonwealth or elsewhere.

11. The Application satisfies the requirements of the Insurance Holding Companies Act, the 1988 BCL and the GAA Amendments Act.
12. 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.

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of LandAmerica Financial	:	Holding Companies Act, Article
Group, Inc. in Support of the Request	:	XIV of the Insurance Company
for Approval to Merge Industrial Valley	:	Law of 1921, Act of May 17, 1921,
Title Insurance Company with and into	:	P.L. 682, <u>as amended</u> , 40 P.S.
Commonwealth Land Title Insurance	:	§§991.1401, 991.1402, and
Company with Commonwealth Land	:	991.1403; Sections 1921 through
Title Insurance Company Being the	:	1929 of the 1988 Business
Survivor in a Transaction Exempt from	:	Corporation Law, Act of
the Requirements of 40 P.S. §991.1402	:	December 21, 1988, P.L. 1444, No.
	:	177, <u>as amended</u> , 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, <u>as amended</u> , 15
	:	P.S. §§21205 and 21207.
	:	:
	:	Order No. ID-RC-02-28

ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”) hereby approves the application of LandAmerica Financial Group, Inc. requesting approval of the merger of Industrial Valley Title Insurance Company (“Industrial”) with and into Commonwealth Land Title Insurance Company subject to the following conditions:

1. A copy of the Articles of Merger shall be filed with the Deputy Commissioner not later than ten (10) days after their filing with the Pennsylvania Department of State.

2. This transaction may be recorded as effective for accounting purposes on the first day of the calendar quarter in which the transaction is consummated.

This Order is effective immediately.

---

STEPHEN J. JOHNSON  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania