

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402, and
	:	1403 of the Insurance Holding
Application of Trinity Universal Insurance	:	Companies Act, Article XIV of the
Company Requesting Exemption from the	:	Insurance Company Law of 1921,
Requirements of 40 P.S. §991.1402 for the	:	Act of May 17, 1921, P.L. 682,
Restructuring of the Holding Company	:	as <u>amended</u> , 40 P.S. §§991.1401,
System that Contains United Casualty	:	991.1402, and 991.1403
Insurance Company of America	:	
	:	
	:	Order No. ID-RC-04-18

DECISION AND ORDER

AND NOW, on this 29th day of September, 2004, 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. United Casualty Insurance Company of America (“United Casualty”) is a stock property insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in St. Louis, Missouri.
2. United Insurance Company of America (“United Insurance”) is a stock life insurance company organized pursuant to the laws of the state of Illinois with its principal place of business located in St. Louis, Missouri. United Casualty is a direct wholly-owned subsidiary of United Insurance.

3. Trinity Universal Insurance Company (“Trinity”) is a stock property and casualty insurance company organized pursuant to the laws of Texas with its principal place of business located in Dallas, Texas.
4. Unitrin, Inc. (“Unitrin”) is a holding company organized pursuant to the laws of the state of Delaware with its principal place of business located in Chicago, Illinois.
5. United Insurance and Trinity are direct wholly-owned subsidiaries of Unitrin.
6. Unitrin is the sole ultimate controlling person of United Casualty.

Filing of the Request

7. On August 26, 2004, the Pennsylvania Insurance Department (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from Trinity for approval to effectuate a corporate restructuring that would result in a change of direct control of United Casualty within its holding company system.
8. 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.
9. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
10. 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

11. As described in the Request, Trinity proposes to purchase from United Insurance all of the issued and outstanding common stock of United Casualty.
12. As described in the Request, United Casualty would become a direct wholly-owned subsidiary of Trinity.
13. As described in the Request, Unitrin would remain the sole ultimate controlling person of United Casualty following the transaction.

14. 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.
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 Request was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
3. The acquisition of common stock by Trinity as proposed in the Request is not being contemplated to change or influence the ultimate control of United Casualty, 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.

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402, and
	:	1403 of the Insurance Holding
Application of Trinity Universal Insurance	:	Companies Act, Article XIV of the
Company Requesting Exemption from the	:	Insurance Company Law of 1921,
Requirements of 40 P.S. §991.1402 for the	:	Act of May 17, 1921, P.L. 682,
Restructuring of the Holding Company	:	as <u>amended</u> , 40 P.S. §§991.1401,
System that Contains United Casualty	:	991.1402, and 991.1403
Insurance Company of America	:	
	:	
	:	Order No. ID-RC-04-18

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 for exemption from the requirements of 40 P.S. §991.1402(b) by Trinity Universal Insurance Company for the restructuring of the holding company system that includes United Casualty Insurance Company of America, 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