

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Professional 3 <sup>rd</sup> Party	:	Holding Companies Act, Article
Administration, Inc. Requesting	:	XIV of the Insurance Company
Exemption from the Requirements of 40	:	Law of 1921, Act of May 17, 1921,
P.S. §991.1402 for the Reorganization of	:	P.L. 682, <u>as amended</u> , 40 P.S.
its Holding Company System, which	:	§§991.1401, 991.1402, and
includes Professional Casualty	:	991.1403
Association	:	
	:	
	:	
	:	Order No. ID-RC-04-22

DECISION AND ORDER

AND NOW, on this \_\_\_1st\_\_\_ day of December, 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 the Parties

1. Professional Casualty Association (“Association”) is a domestic reciprocal insurance exchange organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in King of Prussia, Pennsylvania.
2. Professional 3<sup>rd</sup> Party Administration, Inc. (“P3PA”) is a domestic business corporation organized under the laws of the Commonwealth of Pennsylvania with

its principal place of business in King of Prussia, Pennsylvania. P3PA is the attorney-in-fact for Association.

3. Barton L. Post (“Mr. Post”) is an individual with his principal place of business located in King of Prussia, Pennsylvania. Mr. Post directly holds fifty per cent of the issued and outstanding capital stock of P3PA.
4. Joseph F. Brady (“Mr. Brady”) is an individual with his principal place of business located in King of Prussia, Pennsylvania. Mr. Brady directly holds fifty per cent of the issued and outstanding capital stock of P3PA.
5. Mr. Post and Mr. Brady are the only ultimate controlling persons of Association.

#### Filing of the Application

6. On October 20, 2004, 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 P3PA for approval to effectuate a plan of reorganization of the holding company system that includes Association.
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 transactions affecting the control of a domestic insurer must be filed with the Department for approval or disapproval.
8. The Application 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.

#### The Transaction

10. As described in the Application, P3PA proposes to have a new attorney-in-fact appointed by Association.
11. As described in the Application, the new attorney-in-fact is proposed to be a limited partnership to be known as Professional Third Party, LP (“LP”).

12. As described in the Application, P3PA would be the general partner of LP and hold a one per cent partnership interest.
13. As described in the Application, the existing attorney-in-fact agreement between P3PA and Association would be terminated effective December 31, 2004 (“Termination”).
14. As described in the Application, simultaneously with Termination, Association and LP will enter in an attorney-in-fact agreement under which LP will become the attorney-in-fact for Association.
15. As described in the Application, the terms and conditions set forth in the new attorney-in-fact agreement will be consistent with those in the current agreement between P3PA and Association.
16. As described in the Application, Mr. Post and Mr. Brady would continue to be the only ultimate controlling persons of Association.
17. 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.
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 acquisition of control 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 instant transaction is not being contemplated to change or influence the ultimate control of Association, 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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Association	:	
	:	
	:	
	:	Order No. ID-RC-04-22

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 Professional 3<sup>rd</sup> Party Administration, Inc. requesting exemption from the requirements of 40 P.S. §991.1402 for the reorganization of its Holding Company System, which includes Professional Casualty Association, 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.

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STEPHEN J. JOHNSON  
Deputy Insurance Commissioner