

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Robert F. Long Requesting	:	Holding Companies Act, Article
Exemption from the Requirements of 40	:	XIV of the Insurance Company
P.S. §991.1402 for a Change in the	:	Law of 1921, Act of May 17, 1921,
Insurance Holding Company System of	:	P.L. 682, as amended, 40 P.S.
which Daily Underwriters of America is a	:	§§991.1401, 991.1402, and
Member	:	991.1403
	:	
	:	ID-RC-05-26

DECISION AND ORDER

AND NOW, on this __22nd__ day of December, 2005, 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

1. Daily Underwriters of America (“Daily Underwriters”) is a stock casualty insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Carlisle, Pennsylvania.
2. Daily Express, Inc. (“Daily Express”) is a stock insurance holding company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Carlisle, Pennsylvania. Daily Express directly holds 98.7% of the issued and outstanding capital stock of Daily Underwriters.

3. Robert F. Long (“Mr. Long”) is an individual with his principal place of business located in Carlisle, Pennsylvania. Mr. Long holds 62.36% of the issued and outstanding capital stock of Daily Express.
4. The two other persons holding 10% or greater of the issued and outstanding capital stock of Daily Express have properly filed disclaimers of control over Daily Express.
5. Mr. Long is the sole ultimate controlling person of Daily Underwriters.
6. On August 31, 2005, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from Mr. Long for approval to effectuate a corporate restructuring which will result in a change in the chain of control within the holding company system of Daily Underwriters, although the ultimate controlling person will not change.
7. As described in the Request, the capital stock of Daily Underwriters will be distributed to the shareholders of Daily Express in proportion to their current holdings of Daily Express. The result will be that Daily Express will be removed from the Insurance Holding Company system of which Daily Underwriters is a member.
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 Commissioner for approval or disapproval.
9. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
10. As provided in the Request, the ultimate controlling person of Daily Underwriters will remain Mr. Long.
11. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction does not have the effect of changing or influencing the control of a domestic insurer.
12. The Deputy Commissioner finds that the transaction described in the Request does not have the effect of changing or influencing the ultimate control of a domestic insurer.
13. 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 voting securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Request satisfies the requirements of all applicable laws and regulations.
3. The change in direct control proposed in the Request is not being contemplated to change or influence the ultimate control of Daily Underwriters, 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.

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Member	:	991.1403
	:	
	:	ID-RC-05-26

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. Section 991.1402 for the change in the Insurance Holding Company system of which Daily Underwriters of America is a member, 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
Regulation of Companies