

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

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|---------------------------------------|---|---------------------------------------|
| In Re: | : | Pursuant to Sections 4161 and |
| | : | 4162 of the Business Corporation |
| Application of The Continental | : | Law of 1988, Act of December 21, |
| Insurance Company for Approval to | : | 1988, P. L. 1444, <u>as amended</u> , |
| Redomesticate from the State of South | : | 15 Pa.C.S. §§ 4161 and 4162, and |
| Carolina to the Commonwealth of | : | Section 357 of the Insurance |
| Pennsylvania | : | Company Law, Act of May 17, |
| | : | 1921, P.L. 682, No. 284, <u>as</u> |
| | : | <u>amended</u> , 40 P.S. § 477e |
| | : | |
| | : | Order No. ID-RC-06-20 |

DECISION AND ORDER

AND NOW, on this 9th day of August, 2006, M. Diane Koken, Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Business Corporation Law and the Insurance Company Law and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Commissioner hereby makes the following Findings of Fact:

FINDINGS OF FACT

Identity of the Parties

1. The Continental Insurance Company (“Continental”) is a foreign stock property insurance company organized under the laws of the State of South Carolina with its principal place of business located in Chicago, Illinois.
2. Continental is an indirect subsidiary of Loews Corporation, an insurance holding company with its principal place of business located in New York, New York. Loews Corporation is the sole ultimate controlling person of Continental.

Filing of the Application

3. On June 2, 2006, 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 Continental for approval to redomesticate from the State of South Carolina to the Commonwealth of Pennsylvania.
4. The Application was filed pursuant to Sections 4161 and 4162 of the Business Corporation Law, as amended, 15 Pa.C.S. §§4161 and 4162 (cited as “Business Corporation Law”), and Section 357 of the Insurance Company Law, Act of May 17, 1921, P.L. 682, No. 284, as amended, 40 P.S. §477e (cited as “Insurance Company Law”).

Notice of Filing and Comments

5. On June 17, 2006, the Department published notice in the Pennsylvania Bulletin that the Application was received and such notice invited interested persons to submit comments to the Department regarding the Application for 30 days following the date of the publication (“Comment Period”).
6. During the Comment Period, the Department received no comments regarding the Application.

The Transaction

7. Continental currently holds a Certificate of Authority in the Commonwealth of Pennsylvania as a foreign insurer to transact property & allied lines, inland marine & physical damage, ocean marine, fidelity & surety, accident and health, glass, other liability, boiler & machinery, burglary & theft, credit, water damage, elevator, livestock, auto liability, mine & machinery, personal property floater and workers’ compensation lines of business.
8. Continental desires to redomesticate to the Commonwealth of Pennsylvania as a domestic stock property insurance company.
9. On May 31, 2006, the Board of Directors of Continental passed a resolution deeming it in the best interest of the company to redomesticate from the State of South Carolina to the Commonwealth of Pennsylvania.
10. On May 31, 2006, Continental Casualty Company, as the sole shareholder of Continental, passed a resolution approving the redomestication of Continental from the State of South Carolina to the Commonwealth of Pennsylvania.

11. Continental has indicated that its principal place of business will remain in Chicago, Illinois.
12. 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. Section 357 of the Insurance Company Law provides the Commissioner jurisdiction to review and approve the redomestication of Continental.
2. A redomestication by a foreign business corporation is provided for in subsection 4161(a) of the Business Corporation Law.
3. The Application satisfies the requirements of all applicable laws and regulations.
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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Pennsylvania : Company Law, Act of May 17,
: 1921, P.L. 682, No. 284, as
: amended, 40 P.S. § 477e
:
: Order No. ID-RC-06-20

ORDER

Upon consideration of the foregoing, the Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) hereby makes the following Order:

The Application of The Continental Insurance Company (“Continental”) for approval to redomesticate from the State of South Carolina to the Commonwealth of Pennsylvania and the issuance of a Certificate of Authority as a domestic stock property insurance corporation, as set forth in the Application, is hereby granted, subject to this Order and the following conditions:

1. Continental shall obtain approval of the redomestication from the South Carolina Department of Insurance. A certified copy of the approval issued by the South Carolina Department of Insurance shall be provided to the Commissioner within five (5) days of Continental receiving the approval.
2. Continental shall file Articles of Domestication with the Pennsylvania Department of State in accordance with subsection 4161(b) of the Business Corporation Law after receipt of the approval of the South Carolina Department of Insurance.

3. Continental shall file a copy of the Articles of Domestication, as filed with the Pennsylvania Department of State, with the Department within ten (10) days of receipt from the Pennsylvania Department of State.
4. At the time the Articles of Domestication are filed with the Department, Continental shall file an executed copy of Amended and Restated Bylaws that comply with the requirements of Chapter 31 of the Business Corporation Law.
5. At the time the Articles of Domestication are filed with the Department, Continental shall surrender its current Certificate of Authority as a foreign insurance corporation in exchange for the issuance of a Certificate of Authority as a domestic stock property insurance corporation.

This Order is effective immediately.

M. Diane Koken
Insurance Commissioner
Commonwealth of Pennsylvania