

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of George A. Parmer,	:	Holding Companies Act, Article
Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 for	:	Law of 1921, Act of May 17, 1921,
the Acquisition of Control of	:	P.L. 682, as amended, 40 P.S.
Additional Stock of Eastern Atlantic	:	§§991.1401, 991.1402, and
Insurance Company	:	991.1403
	:	
	:	ID-RC-06-36

DECISION AND ORDER

AND NOW, on this 20th day of October, 2006, 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. Eastern Atlantic Insurance Company (“Eastern Atlantic”) is a Pennsylvania domiciled stock casualty insurer organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Harrisburg, Pennsylvania.
2. Residential Warranty Company, LLC (“RWC”) is a limited liability company organized under the laws of the state of Nevada with its principal place of business located in Harrisburg, Pennsylvania.

3. George A. Parmer ("Mr. Parmer") is an individual with his principal place of business located in Harrisburg, Pennsylvania.
4. Mr. Parmer currently controls 1,011,060, or 67.40%, of the total 1,500,000 issued and outstanding voting stock of Eastern Atlantic.
5. Mr. Parmer currently controls 20.8% of the total membership interest of RWC.
6. Pursuant to 40 P.S. §991.1401, Mr. Parmer is a controlling person of Eastern Atlantic.
7. All other persons controlling 10% or more of the issued and outstanding voting stock of Eastern Atlantic have properly filed disclaimers of control pursuant to 40 P.S. Section 991.1404.
8. Mr. Parmer is the sole ultimate controlling person of Eastern Atlantic.
9. On October 6, 2006, 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. Parmer for approval to:
 - a) acquire 55,555 additional shares of the voting stock of Eastern Atlantic and,
 - b) cause RWC to acquire 522,221 shares, or approximately 25.13%, of the issued and outstanding voting stock of Eastern Atlantic.
10. As described in the Request, the actions are being taken to increase the stated capital of Eastern Atlantic.
11. As described in the Request, after the transactions Mr. Parmer will directly and indirectly control a total of approximately 56.6% of the issued and outstanding voting stock of Eastern Atlantic.
12. All other persons who would control 10% or more of the issued and outstanding voting stock of Eastern Atlantic after the transactions have properly filed disclaimers of control pursuant to 40 P.S. Section 991.1404.
13. 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.

14. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
15. 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.
16. As provided in the Request, Mr. Parmer would continue to be the sole ultimate controlling person of Eastern Atlantic.
17. The Deputy Commissioner finds that the transactions described in the Request do not have the effect of changing or influencing the ultimate 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 voting securities 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 acquisition of additional common stock proposed in the Request is not being contemplated to change or influence the ultimate control of the Domestic Insurer 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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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 of George A. Parmer, requesting exemption from the filing requirements of 40 P.S. §991.1402 for the acquisition of additional stock of Eastern Atlantic Insurance Company, as set forth in the Request, is hereby granted subject to this Order.

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
Corporate and Financial Regulation