

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 4161 and
	:	4162 of the Business Corporation
Application of Harleysville Insurance	:	Law of 1988, Act of December 21,
Company for Approval to Redomesticate	:	1988, P. L. 1444, <u>as amended</u> ,
from the State of Minnesota to the	:	15 Pa.C.S. §§ 4161 and 4162, and
Commonwealth of Pennsylvania	:	Section 357 of the Insurance
	:	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-06-38

DECISION AND ORDER

AND NOW, on this 10th day of November 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 Applicant

1. Harleysville Insurance Company (“Harleysville Insurance”) is a foreign stock casualty insurance company organized pursuant to the laws of the State of Minnesota with its principal place of business located in Harleysville, Pennsylvania.
2. Harleysville Insurance is an indirect subsidiary of Harleysville Mutual Insurance Company, a mutual property insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Harleysville, Pennsylvania. Harleysville Mutual Insurance Company is the sole ultimate controlling person of Harleysville Insurance.

Filing of the Application

3. On September 21, 2006, the Pennsylvania Insurance Department (“Department”) received an initial application (which, together with all material received subsequently, is collectively referenced as “Application”) from Harleysville Insurance for approval to redomesticate from the State of Minnesota 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 October 7, 2006, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by Harleysville Insurance, and such notice invited interested persons to submit comments to the Department regarding the Application for a 30-day period, ending November 6, 2006.
6. During the 30-day period, the Department received no comments regarding the Application.

The Transaction

7. Harleysville Insurance currently holds a Certificate of Authority in the Commonwealth of Pennsylvania as a foreign insurer to transact property and allied lines, inland marine and physical damage, glass, other liability, boiler and machinery, burglary and theft, water damage, auto liability, personal property floater, and workers’ compensation classes of insurance business.
8. Harleysville Insurance requests approval to redomesticate to the Commonwealth of Pennsylvania and the issuance of a Certificate of Authority as a domestic stock casualty insurance company to transact property and allied lines, inland marine and physical damage, ocean marine, fidelity and surety, accident and health, glass, other liability, boiler and machinery, burglary and theft, water damage, elevator, livestock, auto liability, personal property floater, and workers’ compensation classes of insurance business.
9. On August 8, 2006, the Board of Directors of Harleysville Insurance passed a resolution deeming it in the best interests of the company to redomesticate from the State of Minnesota to the Commonwealth of Pennsylvania.
10. On August 8, 2006, the sole shareholder of Harleysville Insurance passed a resolution approving the redomestication of Harleysville Insurance from the State of Minnesota

to the Commonwealth of Pennsylvania.

11. Harleysville Insurance has indicated that its principal place of business would remain in Harleysville, Pennsylvania.
12. Harleysville Insurance has stated that it would transact the business of insurance in the Commonwealth in accordance with applicable laws, including the Insurance Company Law.
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. Section 357 of the Insurance Company Law provides the Commissioner jurisdiction to review and approve the redomestication of Harleysville Insurance.
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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ORDER

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

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

1. Harleysville Insurance shall obtain approval of the Redomestication from the State of Minnesota Department of Commerce. A certified copy of the approval issued by the Commissioner of Commerce of the State of Minnesota shall be provided to the Commissioner within five (5) days of Harleysville Insurance receiving the approval.
2. Harleysville Insurance 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 State of Minnesota Department of Commerce.
3. Harleysville Insurance shall file a copy of the Articles of Domestication, as filed with the Pennsylvania Department of State, with the Pennsylvania

Insurance Department (“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, Harleysville Insurance 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, Harleysville Insurance 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 casualty insurance corporation.

This Order is effective immediately.

M. Diane Koken
Insurance Commissioner
Commonwealth of Pennsylvania