

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 4161 and
	:	4162 of the Business Corporation
Application of Harleysville Worcester	:	Law of 1988, Act of December 21,
Insurance Company for Approval to	:	1988, P. L. 1444, <u>as amended</u> ,
Redomesticate from the Commonwealth	:	15 Pa.C.S. §§ 4161 and 4162, and
of Massachusetts 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-06-41

DECISION AND ORDER

AND NOW, on this 5th day of December, 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 Worcester Insurance Company (“Harleysville Worcester”) is a foreign stock casualty insurance company organized pursuant to the laws of the Commonwealth of Massachusetts with its principal place of business located in Worcester, Massachusetts.
2. Harleysville Worcester 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 Worcester.

Filing of the Application

3. On October 25, 2006, the Pennsylvania Insurance Department (“Department”) received an initial application (which, together with all material received subsequently, is collectively referenced as “Application”) from Harleysville Worcester for approval to redomesticate from the Commonwealth of Massachusetts 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 November 11, 2006, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by Harleysville Worcester, and such notice invited interested persons to submit comments to the Department regarding the Application for a 14-day period, ending November 27, 2006.
6. During the 14-day period, the Department received no comments regarding the Application.

The Transaction

7. Harleysville Worcester 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, ocean marine, fidelity and surety, glass, other liability, boiler and machinery, burglary and theft, credit, water damage, elevator, livestock, auto liability, personal property floater and workers’ compensation classes of insurance business.
8. Harleysville Worcester 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, credit, water damage, elevator, livestock, auto liability, mine and machinery, personal property floater, and workers’ compensation classes of insurance business.
9. On August 8, 2006, the Board of Directors of Harleysville Worcester passed a resolution deeming it in the best interest of the company to redomesticate from the Commonwealth of Massachusetts to the Commonwealth of Pennsylvania.

10. On August 8, 2006, the sole shareholder of Harleysville Worcester passed a resolution approving the redomestication of Harleysville Worcester from the Commonwealth of Massachusetts to the Commonwealth of Pennsylvania.
11. Harleysville Worcester has indicated that its principal place of business would be located in Harleysville, Pennsylvania.
12. Harleysville Worcester 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 Worcester.
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 Worcester Insurance Company (“Harleysville Worcester”) for approval to redomesticate from the Commonwealth of Massachusetts 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 Worcester shall obtain approval of the Redomestication from the Commonwealth of Massachusetts Division of Insurance. A certified copy of the approval issued by the Commissioner of Insurance of the Commonwealth of Massachusetts shall be provided to the Commissioner within five (5) days of Harleysville Worcester receiving the approval.
2. Harleysville Worcester 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 Commonwealth of Massachusetts Division of Insurance.
3. Harleysville Worcester 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 Worcester 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 Worcester 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