

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402, and
	:	1403 of the Insurance Holding
Application of Inverness Capital LLC	:	Companies Act, Article XIV of the
Requesting Exemption from the	:	Insurance Company Law of 1921, Act of
Requirements of 40 P.S. §991.1402 for	:	May 17, 1921, P.L. 682, <u>as amended</u> , 40
the Purchase of Additional Capital Stock	:	P.S. §§991.1401, 991.1402, and
of Independent Insurance Investments,	:	991.1403
Inc., a Corporate Parent of American	:	
Independent Insurance Company and	:	
Bankers Independent Insurance	:	
Company	:	Order No. ID-RC-06-42

DECISION AND ORDER

AND NOW, on this 30th day of November, 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

Identity of Parties

1. Bankers Independent Insurance Company (“Bankers Independent”) is a stock casualty insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Conshohocken, Pennsylvania.

2. American Independent Insurance Company (“American Independent” and together with Bankers Independent referred to as “Domestic Insurers”) is a stock casualty insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Conshohocken, Pennsylvania. Bankers Independent is an indirect wholly-owned subsidiary of American Independent.
3. Independent Insurance Investments, Inc. (“Independent Insurance”) is a business corporation organized pursuant to the laws of the state of Delaware with its principal place of business located in New York, New York. Domestic Insurers are indirect wholly-owned subsidiaries of Independent Insurance.
4. Executive Capital Partners II LP (“Executive Partners”) is a limited partnership organized pursuant to the laws of the state of Delaware with its principal place of business located in New York, New York.
5. Inverness Partners II LP (together with Executive Partners referred to as “Purchasers”) is a limited partnership organized pursuant to the laws of the state of Delaware with its principal place of business located in New York, New York.
6. The Purchasers currently hold 42,640 shares of the issued and outstanding capital stock of Independent Insurance.
7. Inverness Capital LLC (“Inverness Capital”) is a business corporation organized pursuant to the laws of the state of Delaware with its principal place of business located in New York, New York. Inverness Capital is the sole General Partner of Purchasers.
8. James Carl Comis III (“Comis”) is an individual whose principal place of business is located in New York, New York.
9. William McComb Dunwoody (“Dunwoody”) is an individual whose principal place of business is located in New York, New York.
10. Comis and Dunwoody (collectively referred to as “Controlling Parties”) are the only ultimate controlling persons of Domestic Insurers.
11. Controlling Parties indirectly control Inverness Capital.

Filing of the Request

12. On November 27, 2006, the Pennsylvania Insurance Department (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from Inverness Capital for approval to acquire additional capital stock to be issued by Independent Insurance.

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 a domestic insurer 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:
 - a) does not have the effect of changing or influencing the control of a domestic insurer, or
 - b) is otherwise not comprehended within the purposes of the section.

The Transaction

16. As described in the Request, Inverness Capital will cause Purchasers to acquire approximately an additional 2,564 shares of Independent Insurance.
17. Controlling Parties would remain the only ultimate controlling persons of Domestic Insurers following the transaction.
18. The Deputy Commissioner finds that the transaction described in the Request does not have the effect of changing or influencing the control of a domestic insurer.
19. 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 controlling securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Request was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
3. The acquisition of additional Independent Insurance capital stock proposed in the Request is not being contemplated to change or influence the ultimate control of Domestic Insurers, 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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Independent Insurance Company and	:	
Bankers Independent Insurance	:	
Company	:	Order No. ID-RC-06-42

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. §991.1402(b) for the acquisition of additional Independent Insurance Investments, Inc. capital stock, 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
Office of Corporate and Financial Regulation