

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: : Pursuant to the Insurance Company
: Law, Act of May 17, 1921, P.L. 682,
The Request of Clarion County Mutual : as amended, 40 P.S. §§341 et seq.
Fire Insurance Company for Approval to :
Surrender its Certificate of Authority to :
Operate as an Insurance Company : Order No. ID-RC-06-47

DECISION AND ORDER

AND NOW, on this 26th day of December, 2006, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”), hereby makes this Decision and Order:

Pursuant to the Insurance Company Law, and in consideration of the documents, representations, 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 Applicant

1. Clarion County Mutual Fire Insurance Company (“Clarion”) is a mutual fire insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Marble, Pennsylvania.
2. Clarion holds a certificate authorizing the transaction of the business of insurance in this Commonwealth (“Certificate of Authority”).

The Surrender Filing

3. On December 1, 2006, the Pennsylvania Insurance Department (“Department”) received a request (which, together with all material received subsequently, is hereinafter referenced as “Request”) from Clarion to voluntarily surrender its Certificate of Authority.

Background

4. On November 20, 2006, the Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) issued an Order to Clarion approving the company’s

request to reinsure its entire schedule of policies with Farmers Mutual Fire Insurance Company of Marble, Pennsylvania (“Farmers Mutual”) through the execution of an Assumption Reinsurance Agreement and Liability & Asset Transfer Agreement (“Bulk Transfer”).

5. The Bulk Transfer was completed on November 20, 2006.
6. The Bulk Transfer provided, *inter alia*, for Farmers Mutual to assume the rights, duties, and obligations of all policies issued by Clarion.

Department Procedures

7. On December 16, 2006, the Department published notice in the *Pennsylvania Bulletin* that the Request was submitted by Clarion, and such notice invited interested persons to submit comments to the Department regarding the Request for a seven day period, ending December 23, 2006.
8. During the seven day period, the Department received no comments regarding the proposed Request.

The Filing

9. Clarion has provided documentation that its Board of Directors has resolved to surrender its Certificate of Authority.
10. 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. Inasmuch as Clarion does not have any members, Clarion is not required to make provision for payment of member claims.
2. Inasmuch as Clarion will be a going concern, the Department’s approval of the Request will have no impact on any creditors of Clarion.
3. After the surrender of the Certificate of Authority, Clarion will no longer be authorized to transact the business of insurance in this Commonwealth.
4. Based on all the information and analyses received and the Department’s independent review, the Request is reasonable and in accordance with law.
5. 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 (“Deputy Commissioner”) hereby approves the Request for the voluntary surrender of the Certificate of Authority as filed on December 1, 2006, by Clarion County Mutual Fire Insurance Company (“Clarion”), subject to the following conditions:

1. Clarion shall not engage in transacting the business of insurance in the Commonwealth of Pennsylvania or in any other jurisdiction, without the prior approval of the Pennsylvania Insurance Department.
2. The surrender shall be effective upon receipt of the tender of the Certificate of Authority by the Insurance Department.
3. Should Clarion, as a continuing business corporation, determine that at some time in the future it would like to engage in the business of insurance, it will be necessary to file a new application with the Department for an appropriate certificate of authority.

This Order is effective immediately.

STEPHEN J. JOHNSON
Deputy Insurance Commissioner
Commonwealth of Pennsylvania