

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 Mutual Benefit Insurance : Companies Act, Article XIV of the
Company Requesting Exemption from : Insurance Company Law of 1921, Act of
the Requirements of 40 P.S. §991.1402 : May 17, 1921, P.L. 682, as amended, 40
for the Restructuring of the Holding : P.S. §§991.1401, 991.1402, and
Company System that includes Select : 991.1403
Risk Insurance Company :
:
:
:
:
Order No. ID-RC-08-13

DECISION AND ORDER

AND NOW, on this 19th day of September, 2008, 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. Select Risk Insurance Company (“Select Risk”) is a stock property insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Huntington, Pennsylvania.
2. MBIC Holdings, Inc. (MBIC”) is a business corporation organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business

located in Huntington, Pennsylvania. MBIA directly holds 100% of the issued and outstanding capital stock of Select Risk.

3. Mutual Benefit Insurance Company (“Mutual Benefit”) is a mutual property insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Huntington, Pennsylvania. Mutual Benefit directly holds 97.8% of the issued and outstanding capital stock of MBIC.
4. Mutual Benefit is the sole ultimate controlling person of Select Risk.

Filing of the Request

5. On September 12, 2008, the Pennsylvania Insurance Department (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from Mutual Benefit for approval to acquire all of the issued and outstanding capital of MBIC.
6. 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.
7. 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.
8. The Request was filed pursuant to Section 1402(g) of the Insurance Holding Companies Act.

The Transaction

9. As described in the Request, Mutual Benefit would directly acquire all of the capital stock of MBIC that it does not already own, or 2.2% of the issued and outstanding capital stock of MBIC.
10. As described in the Request, Select Risk would remain an indirect subsidiary of Mutual Benefit following the transaction.
11. As described in the Request, Mutual Benefit would remain the only ultimate controlling person of Select Risk following the transaction.

12. 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.
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. 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 restructuring of the holding company system proposed in the Request is not being contemplated to change or influence the ultimate control of Select Risk, 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.

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 Mutual Benefit Insurance : Companies Act, Article XIV of the
Company Requesting Exemption from : Insurance Company Law of 1921, Act of
the Requirements of 40 P.S. §991.1402 : May 17, 1921, P.L. 682, as amended, 40
for the Restructuring of the Holding : P.S. §§991.1401, 991.1402, and
Company System that includes Select : 991.1403
Risk Insurance Company :
:
:
:
:
: Order No. ID-RC-08-13

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 restructuring of the holding company system containing Select Risk Insurance Company, 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