

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 Charles J. Volpe, Jr.	:	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 Restructuring of the Holding	:	P.S. §§991.1401, 991.1402, and
Company System that includes Housing	:	991.1403
and Redevelopment Insurance Exchange	:	
	:	
	:	
	:	Order No. ID-RC-09-09

DECISION AND ORDER

AND NOW, on this 8th day of May, 2009, 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. Housing and Redevelopment Insurance Exchange (“HARIE”) is an insurance exchange organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Scranton, Pennsylvania.
2. Foxco Insurance Management Services, Inc. (“Foxco”) is a business corporation organized pursuant to the laws of the Commonwealth of Pennsylvania with its

principal place of business located in Scranton, Pennsylvania. Foxco is the current Attorney-in-Fact (“ATF”) for HARIE.

3. Excalibur Insurance Management Services, LLC (“Excalibur”) is a business corporation organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Scranton, Pennsylvania.
4. Charles J. Volpe, Jr. (“Mr. Volpe”) is an individual with his principal place of business located in Scranton, Pennsylvania. Foxco and Excalibur are wholly owned by Mr. Volpe.
5. Mr. Volpe is the sole ultimate controlling person of HARIE..

#### Filing of the Request

6. On April 24, 2009, the Pennsylvania Insurance Department (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from Mr. Volpe seeking approval to change the ATF for HARIE from Foxco to Excalibur.
7. 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.
8. 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.
9. The Request was filed pursuant to Section 1402(g) of the Insurance Holding Companies Act.

#### The Transaction

10. As described in the Request, the ATF contract between HARIE and Foxco would be terminated and HARIE would enter into a new ATF contract with Excalibur.
11. As described in the Request, Mr. Volpe would remain the only ultimate controlling person of HARIE 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 ultimate 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 control 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 HARIE, 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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	:	
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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 Housing and Redevelopment Insurance Exchange, 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.

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STEPHEN J. JOHNSON  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation