

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of First American Title	:	Holding Companies Act, Article
Insurance Company in Support of the	:	XIV of the Insurance Company
Request for Approval to Merge Penn	:	Law of 1921, Act of May 17, 1921,
Attorneys Title Insurance Company with	:	P.L. 682, <u>as amended</u> , 40 P.S.
and into Ohio Bar Title Insurance	:	§§991.1401, 991.1402, and
Company in a Transaction Exempt from	:	991.1403; Sections 1921 through
the Requirements of 40 P.S. §991.1402	:	1929 of the 1988 Business
	:	Corporation Law, Act of
	:	December 21, 1988, P.L. 1444, No.
	:	177, <u>as amended</u> , 15 Pa. C.S.
	:	§§1921-1928; Sections 205 and 207
	:	of the GAA Amendments Act of
	:	1990, Act of December 19, 1990,
	:	P.L. 834, No. 198, <u>as amended</u> , 15
	:	P.S. §§21205 and 21207.
	:	
	:	Order No. ID-RC-09-11

DECISION AND ORDER

AND NOW, on this 17th day of August, 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, the 1988 Business Corporation Law and the GAA Amendments Act of 1990, 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 Entities

1. Penn Attorneys Title Insurance Company (“Domestic Insurer”) is a stock title insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Erie, Pennsylvania.

2. Ohio Bar Title Insurance Company (“Ohio Bar”) is a stock title insurance company organized under the laws of the state of Ohio with its principal place of business located in Columbus, Ohio.
3. First American Title Insurance Company (“First American”) is a stock title insurance company organized under the laws of the state of California with its principal place of business located in Santa Ana, California. First American directly holds 100% of the issued and outstanding capital stock of Ohio Bar and Domestic Insurer.
4. The First American Corporation (“Parent”) is an insurance holding company organized under the laws of the state of California with its principal place of located in Santa Ana, California. Parent directly holds 100% of the issued and outstanding capital stock of First American.
5. No person controls Parent.
6. Parent is the sole ultimate controlling person of Domestic Insurer.

Filing of the Application

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 mergers or other acquisitions of control of domestic insurers must be filed with the Department for approval or disapproval.
8. Section 1402 (g) of the Insurance Holding Companies Act provides for exemption from the requirements of Section 1402:
 - a) if the merger does not have the effect of changing or influencing the control of a domestic insurer, or
 - b) if the transaction is otherwise not comprehended within the purposes of Section 1402.
9. The 1988 Business Corporation Law, Act of December 21, 1988, P.L. 1444, as amended, Sections 1921 through 1929, 15 Pa. C.S. §§1921 through 1929 (“1988 BCL”), and the GAA Amendments Act of 1990, P.L. 834, No. 198, as amended, 15 P.S. §§21205, 21207 (“GAA Amendments Act”), provide that all plans of merger of domestic insurers must be filed with the Department for approval or disapproval.
10. On March 12, 2009, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial application (which together with all material received subsequently is collectively referenced as “Application”) from First American requesting approval to merge Domestic Insurer with and into Ohio Bar.

11. The Application was filed with the Department pursuant to Section 1402(g) of the Insurance Holding Companies Act and Section 205 of the GAA Amendments Act.

Notice of Filing and Comments

12. On July 24, 2009, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by Domestic Insurer and such notice invited interested persons to submit comments to the Department regarding the Application for a seven day period, ending July 31, 2009.
13. During the seven day comment period, the Department received no comments regarding the proposed merger.

The Transaction

14. On January 2, 2009, Domestic Insurer and Ohio Bar entered into a Plan of Merger (“Plan of Merger”).
15. Plan of Merger provides for Domestic Insurer to merge with and into Ohio Bar, with Ohio Bar being the surviving corporation.
16. As described in the Application, Plan of Merger was adopted by the Board of Directors of Domestic Insurer on January 2, 2009.
17. As described in the Application, Plan of Merger was adopted by the Board of Directors of Ohio Bar on December 18, 2008.
18. As described in the Application, Plan of Merger was adopted by the Board of Directors of First American on March 9, 2009.
19. As described in the Application, upon the effective date each share of common stock of Domestic Insurer issued and outstanding immediately prior to the effective date of the merger shall be cancelled.
20. As described in the Application, at the effective date, the Articles of Incorporation and By-Laws of Ohio Bar in effect at the effective date, shall be the Articles of Incorporation and By-Laws of Ohio Bar after the merger.
21. As described in the Application, the members of the board of directors and the officers of Ohio Bar at the effective date shall be the members of the board of directors and the officers of Ohio Bar after the merger.

22. As described in the Application, Ohio Bar would thenceforth be responsible and liable for all the liabilities and obligations of Domestic Insurer.
23. 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 merger of Domestic Insurer and Ohio Bar.
2. Under Section 1402(g) of the Insurance Holding Companies Act, the Department shall exempt a merger from the requirements of Section 1402 if the merger does not have the effect of changing or influencing the control of a domestic insurer.
3. Pursuant to Section 1402(g) of the Insurance Holding Companies Act, the Deputy Commissioner concludes that the proposed merger does not change the ultimate controlling person of the parties to the merger and, therefore, is exempt from the requirements of the Insurance Holding Companies Act.
4. The Deputy Commissioner concludes that the preparation of Plan of Merger, pertaining to the terms and conditions, satisfies the requirements of Section 1922 of the 1988 BCL.
5. The Deputy Commissioner concludes that Plan of Merger satisfies the requirements of Section 1924.
6. The Deputy Commissioner concludes that the Articles of Merger will satisfy the requirements of Section 1926 of the 1988 BCL.
7. The Deputy Commissioner concludes that the Plan of Merger will be effective upon proper filing of Articles of Merger with the Pennsylvania Department of State pursuant to Sections 1927 and 1928 of the 1988 BCL.
8. The Deputy Commissioner concludes that, if the proposed merger is consummated, all the rights, privileges, immunities, powers and purposes of Domestic Insurer will be conveyed to the surviving entity, as a matter of law, pursuant to Section 1929 of the 1988 BCL.
9. Pursuant to Section 205(b) of the GAA Amendments Act, the Deputy Commissioner, concludes that the terms and conditions of the proposed merger are fair and that the proposed merger is in accordance with law and not injurious to the interests of the policyholders and creditors.
10. The Application satisfies the requirements of the Insurance Holding Companies Act, the 1988 BCL and the GAA Amendments Act.
11. 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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: P.S. §§21205 and 21207.
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ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”) hereby approves the application of First American Insurance Company requesting approval of the merger of Penn Attorneys Title Insurance Company with and into Ohio Bar Title Insurance Company (“Ohio Bar”) subject to the following conditions:

1. Ohio Bar shall submit any changes made to the Articles of Merger, Plan of Merger or any of the documents provided with the Application for the written prior approval of the Deputy Commissioner prior to execution of the changed document.
2. A copy of the Articles of Merger shall be filed with the Deputy Commissioner not later than ten (10) days after their filing with the Pennsylvania Department of State.
3. This transaction may be recorded as effective for accounting purpose as of the first day of the calendar quarter in which the merger is consummated.

This Order is effective immediately.

STEPHEN J. JOHNSON
Deputy Insurance Commissioner
Commonwealth of Pennsylvania