

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402, and
: 1403 of the Insurance Holding
Application of Nationwide Mutual : Companies Act, Article XIV of the
Insurance Company Requesting : Insurance Company Law of 1921, Act of
Exemption from the Requirements of 40 : May 17, 1921, P.L. 682, as amended, 40
P.S. §991.1402 for the Restructuring of : P.S. §§991.1401, 991.1402, and
the Holding Company System that : 991.1403
includes Harleysville Insurance :
Company of New York, Harleysville :
Worcester Insurance Company, :
Harleysville Preferred Insurance :
Company and Harleysville Insurance :
Company : Order No. ID-RC-13-16

DECISION AND ORDER

AND NOW, on this 1st day of October, 2013, 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. Nationwide Mutual Insurance Company (“Nationwide Mutual”) is an admitted foreign mutual casualty insurance company organized under the laws of the state of Ohio with its principal place of business in Columbus, Ohio.
2. Harleysville Group Inc. (“Harleysville Group”) is an insurance holding company organized under the laws of the state of Delaware with its principal place of business

in Harleysville, Pennsylvania. Harleysville Group is a direct wholly-owned subsidiary of Nationwide Mutual.

3. Harleysville Group directly holds 100% of the issued and outstanding capital stock of the following entities, collectively referred to as "Group Subs."
 - a) Harleysville Insurance Company of New York ("Harleysville New York") is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Harleysville, Pennsylvania.
 - b) Harleysville Worcester Insurance Company ("Harleysville Worcester") is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Harleysville, Pennsylvania.
 - c) Harleysville Preferred Insurance Company ("Harleysville Preferred") is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Harleysville, Pennsylvania.
 - d) Harleysville Insurance Company is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Harleysville, Pennsylvania.

Filing of the Application

4. On September 6, 2013, the Pennsylvania Insurance Department ("Department") received an initial request (which together with all material received subsequently is collectively referenced as "Request") from Nationwide Mutual for approval to restructure its holding company system that includes the Group Subs.
5. 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 transactions affecting the control of a domestic insurer must be filed with the Department for approval or disapproval.
6. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
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.

The Transaction

8. As described in the Request, Nationwide Mutual will form a wholly-owned subsidiary (“Newco”) and contribute all stock held in Harleysville Group to Newco.
9. As described in the Request, Nationwide Mutual would remain the sole ultimate controlling person of the Group Subs following the transaction.
10. The Deputy Commissioner finds that the transaction described in the Request would not have the effect of changing or influencing the control of a domestic insurer.
11. 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 a controlling interest of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
3. The Request was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
4. The restructuring of the holding company system proposed in the Request is not contemplated to change or influence the ultimate control of the Group Subs and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
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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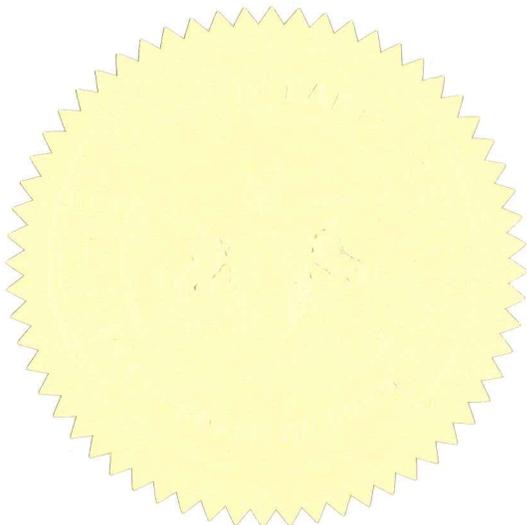
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ORDER

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 Harleysville Insurance Company of New York, Harleysville Worcester Insurance Company, Harleysville Preferred Insurance Company and Harleysville 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. This one year limitation does not apply to any conditions prescribed by the Department in the Order.



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