

**BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA**

In Re	:	
	:	
Application of Old Republic International Corporation and Old Republic Specialty Group, Inc. in Support of the Request for Approval to Acquire Control of ECM Insurance Company and 1stChoice Advantage Insurance Company, Inc.	:	Pursuant to Sections 1401, 1402 and 1403 of the Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P. L. 682, <u>as amended</u>, 40 P.S. §§ 991.1401, 991.1402 and 991.1403
	:	Order No. ID-RC-26-04-03

DECISION AND ORDER

AND NOW, on this 3rd day of April, 2026 Michael Humphreys Insurance Commissioner of the Commonwealth of Pennsylvania (“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 Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Parties

Identity of PA Domestic Insurers

1. 1st Choice Advantage Insurance Company, Inc. (“1st Choice”) is a domestic stock casualty insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Everett, Pennsylvania.
2. Everett Cash Mutual Insurance Co. (“ECM”) is a domestic mutual property insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Everett, Pennsylvania. Under an alternative plan of conversion, ECM plans to convert from mutual to stock form and upon its conversion will be renamed “ECM Insurance Company” (“ECMIC” and together with 1st Choice, the “Domestic Insurers”). ECM currently directly holds, and ECMIC at the time of the conversion will directly hold, all of the issued and outstanding stock of 1st Choice.

Identity of Applicants

3. Old Republic Specialty Group, Inc. (“ORSG”) is stock insurance holding company organized pursuant to the laws of Delaware with its principal place of business in Chicago, Illinois. ORSG is wholly owned by Old Republic International Corporation (“Old Republic”).

4. Old Republic is stock insurance holding company organized pursuant to the laws of Delaware with its principal place of business in Chicago, Illinois is publicly owned and traded on the New York Stock Exchange under symbol ORI. Old Republic currently directly holds 100% of the issued and outstanding stock of ORSG. (Old Republic together with ORSG as the “Applicants”)
5. Two entities each directly hold over 10.0% and less than 20.0% of the issued and outstanding stock of Old Republic. Each has filed and obtained approval of a disclaimer of control of Old Republic.
6. No person controls Old Republic.

Acquisition Filing

7. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1922, P.L. 682, as amended, 40 P.S. §§ 991.1401 et seq. (“Insurance Holding Companies Act”), provides that all changes in control of domestic insurers must be filed with the Commissioner for approval or disapproval.
8. On November 20, 2026, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an application (which together with all material received subsequently is hereinafter referenced as “Application”) from the Applicants for approval to acquire control of the Domestic Insurers.
9. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

Department Procedures

10. On December 6, 2025, the Department published notice in the Pennsylvania Bulletin that the Application was submitted by the Applicants and such notice invited interested persons to submit comments to the Department regarding the Application for thirty (30) days following the date of the publication (“Comment Period”).
11. The Department received no comments regarding the Application during the Comment Period.

Description of the Proposed Acquisition

12. As described in the Application, on October 22, 2025 ORSG and ECM entered into a Stock Purchase Agreement (“the Agreement”), pursuant to which ORSG will acquire ECMIC and its subsidiaries.
13. As described in the Application and pursuant to the Agreement, ORSG intends to directly acquire 100% of the authorized capital stock of ECM following ECM’s conversion from mutual to stock form pursuant to a plan of conversion that has been separately filed with, and is subject to approval by, the Commissioner (“the Acquisition”). As part of ECM’s conversion from mutual to stock form, ECM will be renamed “ECM Insurance Company.”

14. As described in the Application and pursuant to the Agreement, ECM retained Feldman Financial Advisors, Inc. as the independent appraiser to provide an estimated consolidated pro forma market value of ECM, as the shares being purchased by ORSG will be newly issued by ECM as part of its concurrent mutual to stock conversion.
15. As described in the Application, the source of funds for the Acquisition will be from cash generated from a special ORI stock offering at an amount not less than \$153 million and not to exceed \$207 million. Should the amount raised in the offering be less than \$153 million, the differential to achieve \$153 million will be provided by Old Republic from cash on hand.
16. As described in the Application, Old Republic would become the sole controlling person of the Domestic Insurers as a result of the Acquisition.

Standards for Review

17. Section 1402(f)(1) of the Insurance Holding Companies Act establishes the standards for approval of an application for a change in control of a domestic insurer.
18. An application for a change in control must be approved unless the Department finds any one of certain enumerated conditions to be present.

Licensing Requirements

19. When analyzing an application for change in control under Section 1402 of the Insurance Holding Companies Act, the Commissioner reviews the requirements for continued licensure of the domestic insurer being acquired.
20. Specifically, the Department reviews whether the domestic insurer would be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed after the acquisition.
21. The classes of insurance for which an insurance company may be incorporated and become licensed to write are set out in Section 202 of the Insurance Company Law (40 P.S. § 382).
22. The minimum paid up capital stock and paid in surplus required of a stock insurer for each class of insurance is set out in Section 206 of the Insurance Company Law (40 P.S. § 386).
23. In accordance with Section 206 of the Insurance Company Law (40 P.S. § 386), 1st Choice is required to maintain a minimum paid up capital stock of \$1,300,000 and a minimum paid in surplus of \$650,000 to write the lines of insurance for which it is presently licensed.
24. In accordance with Section 206 of the Insurance Company Law (40 P.S. § 386), ECM is required to maintain a minimum paid up capital stock of \$2,050,000 and a minimum paid in surplus of \$1,025,000 to write the lines of insurance for which it is presently licensed.
25. As described in the Application, upon completion of the Acquisition the Domestic Insurers will have the statutory minimum paid up capital stock and paid in surplus to satisfy the requirements to write the lines of insurance for which it is presently licensed.

Competitive Impact

26. The acquisition of control of a Pennsylvania domiciled insurer is subject to review and analysis under Section 1402(f)(1)(ii) of the Insurance Holding Companies Act to determine whether the effect of the acquisition of control would be to substantially lessen competition in this Commonwealth or tend to create a monopoly therein, as per 40 P.S. § 991.1402(f)(1)(ii) (the “competitive standard”).
27. As described in the Application the acquisition of control of the Domestic Insurers will not lessen competition or tend to create monopoly in the Commonwealth because the market shares of the Applicants and its insurance company affiliates licensed to transact the business of insurance in Pennsylvania and the market share of ECM and its affiliates, as stated in the Application, do not exceed the market share levels established in Section 1403 of the Insurance Holding Companies Act.

Financial Condition of Applicant

28. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the financial condition of the acquiring person(s).
29. The Department has reviewed the financial information submitted by the Applicants.
30. The financial condition of the Applicants would not pose any impediments to the change in control nor jeopardize the financial condition of the Domestic Insurers.

Plans for the Acquired Insurer

31. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the plans or proposals which the acquiring party has for the insurer.
32. In particular, the Department reviewed the plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, to determine whether it is:
 - a. Unfair or unreasonable;
 - b. Fails to confer a benefit upon policyholders; or
 - c. Not in the public interest.
33. As stated in the Application, the Applicants have no future plans or proposals to declare any extraordinary dividend, to liquidate, to sell their assets, to merge or consolidate the Domestic Insurers with any person or persons or to change their corporate structure.
34. As stated in the Application, the directors of the Domestic Insurers immediately prior to the Acquisition will resign and new directors will be elected by ORSG or ECMIC, as applicable. The Domestic Insurers’ boards of directors will consist of seven members, three

of whom will be designated by mutual agreement of ORSG and ECMIC, and four of whom, as identified in the Application, will be designated by ORSG. The officers of the Domestic Insurers will remain in place upon conclusion of the Acquisition.

35. Following the closing of the Acquisition, ECMIC intends to fund multiple initiatives including those listed below using a portion of the purchase price proceeds, as follows:
 - a. \$5,000,000 to establish and capitalize a charitable foundation with the general mission of supporting the farm community that ECMIC serves, which foundation shall be administered by the Chief Executive Officer of ECMIC;
 - b. \$1,000,000 to establish a cash incentive bonus pool for all ECMIC employees who will be retained post-closing by ORSG (other than those already specifically referenced in the Agreement), as incentive for such employees to continue to exert their best efforts on behalf of ECMIC following the Acquisition;
 - c. The amount required to pay in full the remaining principal and accrued interest under the surplus note, dated as of February 22, 2019, in the original principal amount of \$10,000,000, which was entered into with Grange Mutual Casualty Company.

In addition, at the closing of the Acquisition, specified senior ECMIC managers will receive retention agreements in order to incentivize the ECMIC managers to devote their efforts toward developing value in ORSG and ensuring the continuity of the business of ECMIC following the closing. These retention agreements, in addition to providing severance benefits in the event of termination without cause for a three-year period after the closing, will provide for grants of restricted stock units with an aggregate value of \$13.0 million and cash retention awards with an aggregate value of \$4.0 million.

36. As stated in the Application and pursuant to the Agreement, Old Republic will continue to operate the Domestic Insurers as a free standing operation from their current offices in Everett, Pennsylvania for a period of at least five years after the consummation of the Acquisition.
37. There is no basis in the record from which it may be concluded that the plans or proposals which the acquiring party has for the insurer are unfair or unreasonable or fails to confer a benefit upon policyholders or are not in the public interest.

Management

38. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the competence, experience and integrity of the persons who will control the operations of the acquired insurer.
39. Biographical affidavits for all officers and directors of the Applicants are already on file and the individuals are well known to the Department.
40. The Department is satisfied that the persons who would control the operations of the Domestic Insurers have such competence, experience and integrity that the interests of policyholders and the public would not be jeopardized.

Hazardous or Prejudicial to Insurance Buying Public

41. When analyzing an application for an acquisition of control involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Department evaluates whether the merger, consolidation or other acquisition of control is likely to be hazardous or prejudicial to the insurance buying public.
42. There is insufficient evidence in the record from which it may be concluded that the Acquisition will likely be hazardous or prejudicial to the insurance buying public.

Compliance with the Pennsylvania Laws

43. When analyzing an application for an acquisition of control involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Department reviews the transaction to determine whether the merger, consolidation or other acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A.
44. The Department has evaluated the transaction as set forth by the Application as to whether it is in compliance with the laws of Pennsylvania.
45. 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 change in control of the Domestic Insurers.
2. Under Section 1402 of the Insurance Holding Companies Act, the Department must approve an application for a change in control unless the Department has found that:
 - a) The insurer will not be able to satisfy the requirements for the issuance of a license to operate the line or lines of business for which they are presently licensed;
 - b) The change in control will substantially lessen competition in insurance in this Commonwealth or tend to create a monopoly therein;
 - c) The financial condition of the acquiring company is such as might jeopardize the financial stability of the insurer or prejudice the interests of its policyholders;
 - d) Any plans to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make material changes in its business or corporate structure or management are unfair and unreasonable to policyholders of the insurers and not in the public interest;
 - e) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders and the general public to permit the acquisition of control;
 - f) The acquisition is likely to be hazardous or prejudicial to the insurance buying public or,

- g) The acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A, Insurance Company Mutual Stock Conversion Act.
- 3. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner has not found that any of the above conditions are present with respect to the change in control of the Domestic Insurers.
- 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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	:	Order No. ID-RC-26-04-03

ORDER

Upon consideration of the foregoing, the Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) hereby makes the following Order:

The application of Old Republic International Corporation and Old Republic Specialty Group, Inc. (collectively referenced as the “Applicants”) in support of the request for approval to acquire control of ECM Insurance Company and 1st Choice Advantage Insurance Company, Inc. (collectively referenced as the “Domestic Insurers”) as set forth in the Application, is hereby approved, subject to this Order and the following condition:

1. The Applicants shall provide to the Department a list of closing documents within five (5) days after consummation of the subject transaction and shall maintain the listed documents and make them available to the Department for a period of not less than five (5) years from the date of consummation.
2. For three (3) years following the effective date of the acquisition, the Domestic Insurers will be prohibited from declaring or paying any dividends, returns of capital or any other type of distributions, without the prior approval of the Commissioner, unless said distribution has been approved by the Department as a transaction between affiliates filed under 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.
3. For a period of five (5) years following the effective date of the subject transaction, the Acquiring parties shall not attempt to redomesticate the Domestic Insurers.

4. For a period of five years following the effective date of the subject transaction the acquiring parties will maintain the RBC of the domestic insurers at or above 350.0%

This Order is effective immediately and valid for one hundred and twenty days (120) days, provided no material change occurs to the representations in the Application prior to consummation. This 120-day limitation does not apply to any condition prescribed in the Order.



Michael Humphreys
Insurance Commissioner
Commonwealth of Pennsylvania