

5. Farmers Insurance Exchange, Truck Insurance Exchange, and Fire Insurance Exchange, all of which are California reciprocals, own 70%, 20% and 10%, respectively, of the stock of Farmers Insurance Company, Inc., a Kansas domestic insurer. ZFS directly and indirectly owns 100% of the voting stock of Farmers Group, Inc., which is the attorney-in-fact for Farmers Insurance Exchange. Truck Underwriters Association and Fire Underwriters Association, which are the attorneys-in-fact for Truck Insurance Exchange and Fire Insurance Exchange, respectively, are both wholly-owned subsidiaries of Farmers Group, Inc.

6. A "Unification Plan" has been proposed in order to simplify ZFS's ownership structure by unifying ZFS's dual holding company structure so that the shareholders of Allied Zurich and the shareholders of Zurich Allied hold shares of stock in one company instead of two companies.

7. Zurich Allied will be merged with and into New ZFS. As a result of the merger, Zurich Allied will transfer all of its assets and liabilities to New ZFS, including its 57% ownership interest in ZFS. As consideration for the merger, shareholders of Zurich Allied will receive shares of stock in New ZFS in exchange for their shares of stock in Zurich Allied. Zurich Allied will cease to exist following the merger.

8. Shareholders of Allied Zurich will receive shares of stock of New ZFS in exchange for their shares of stock in Allied Zurich. Allied Zurich, which will become a wholly-owned subsidiary of New ZFS, will continue to own approximately 43% of the stock of ZFS, which will change its name to Zurich Group Holding.

9. In conjunction with the Unification Plan, Allied Zurich intends to seek authority from its shareholders for a share repurchase, pursuant to one or more tender offers, which could result in the repurchase of approximately 6% of its outstanding stock. Any shares of stock repurchased by Allied Zurich will be cancelled. To the extent Allied Zurich shares are repurchased, upon completion of the Unification Plan, the former Allied Zurich shareholders will

own less than 43% and the former shareholders of Zurich Allied will own more than 57% of the stock of New ZFS.

10. Zurich Allied is authorized to make repurchases of its stock equivalent to approximately 2.8% of its outstanding stock. Any repurchased stock of Zurich Allied will be held as treasury shares and will not be cancelled to reduce Zurich Allied's share capital.

11. Following completion of the Unification Plan, the former shareholders of Allied Zurich and the former shareholders of Zurich Allied will hold shares in New ZFS directly, in substantially the same proportions as they hold in ZFS indirectly through their holdings in Allied Zurich and Zurich Allied, which currently is approximately 43% and 57%, respectively. Following completion of the Unification Plan, it is not anticipated that any shareholder of New ZFS will own 5% or more of the stock of New ZFS.

12. New ZFS will represent a more efficient holding company structure than the current dual holding company structure, with New ZFS performing the same functions related to ZFS that Allied Zurich and Zurich Allied currently perform. Consequently, the Unification Plan will not result in any change in control of Universal Underwriters Insurance Company, Universal Underwriters Life Insurance Company and Farmers Insurance Company, Inc., nor will it result in any change in management, operations or policies of these Kansas domestic insurers.

CONCLUSIONS OF LAW

13. K.S.A. 1999 Supp. 40-3304(e) provides

The provisions of this section shall not apply to: Any offer, request, invitation, agreement or acquisition which the commissioner of insurance by order shall exempt there from as:

(1) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer;...

14. Based upon the information enumerated in the Findings of Fact contained in paragraphs one through twelve above, and the representations of ZFS, Allied Zurich and Zurich

Allied, the Unification Plan is not made for the purpose of and will not have the effect of changing or influencing the control of Universal Underwriters Insurance Company, Universal Underwriters Life Insurance Company and Farmers Insurance Company, Inc., all of which are Kansas domestic insurers.

IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED THAT:

1. New ZFS shall be exempt from the application of the formal filing and approval requirements of K.S.A. 40-3304 as it may be deemed to apply to the proposed Unification Plan.
2. The Commissioner of Insurance retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action as necessary to dispose of this matter.

**IT IS SO ORDERED THIS 21st DAY OF JULY 2000, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.**



/s/ Kathleen Sebelius _____
Kathleen Sebelius
Commissioner of Insurance
BY:

/s/ Kathy Greenlee _____
Kathy Greenlee
General Counsel