

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Proposed Exemption of)
ZURICH AMERICAN INSURANCE COMPANY) Docket No. 3126-H

ORDER

Now comes on for disposition the request of Zurich American Insurance Company for an Order under Kansas Statutes Annotated (K.S.A.) 40-3304(e)(1) exempting said entity from the filing and approval requirements of K.S.A. 40-3304, as said statute may be construed to apply to the restructuring of the insurance holding company system which was accomplished by an extraordinary dividend payment of securities by Universal Underwriters Insurance Company to Zurich American Insurance Company, which included the outstanding stock of Universal Underwriters Life Insurance Company. Following the extraordinary dividend payment, Universal Underwriters Life Insurance Company became a direct subsidiary of Zurich American Insurance Company.

FINDINGS OF FACT

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-103 and K.S.A. 40-3301, et seq.
2. Applicant has requested an exemption from the acquisition and approval requirements of the Kansas Insurance Holding Companies Act under K.S.A. 40-3304(e)(1).
3. Universal Underwriters Life Insurance Company is a Kansas domiciled life insurance company.

4. Universal Underwriters Insurance Company, a Kansas domiciled property and casualty insurance company, previously owned 100% of the outstanding stock of Universal Underwriters Life Insurance Company.

5. Zurich American Insurance Company, a New York domiciled property and casualty insurance company, previously owned, and continues to own, 100% of the outstanding stock of Universal Underwriters Insurance Company.

6. Zurich Financial Services, a Swiss insurance holding company, and Farmers Insurance Exchange, a California domiciled inter-insurance exchange, are the ultimate controlling persons in the holding company system.

7. Universal Underwriters Insurance Company contributed the outstanding stock of Universal Underwriters Life Insurance Company to Zurich American Insurance Company on August 12, 2002, as part of an extraordinary dividend payment pursuant to K.S.A. 40-3306(f).

8. The extraordinary dividend payment was approved by the Kansas Insurance Department on August 5, 2002 pursuant to K.S.A. 40-3306(f). However, the Kansas Insurance Department did not specifically approve the change in control of Universal Underwriters Life Insurance Company pursuant to K.S.A. 40-3304. Subsequently, a request for exemption from filing a Form A was submitted on behalf of Zurich American Insurance Company.

9. As a result of the reorganization, Universal Underwriters Life Insurance Company is now a wholly owned subsidiary of Zurich American Insurance Company.

10. Subsequent to the reorganization, Universal Underwriters Insurance Company is still a wholly owned subsidiary of Zurich American Insurance Company.

11. Zurich Financial Services and Farmers Insurance Exchange are both still the ultimate controlling persons of the holding company system.

CONCLUSIONS OF LAW

12. K.S.A. 40-3304(e) provides

(e) 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 therefrom 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;...

13. Based upon the information enumerated in the Findings of Fact contained in paragraphs one through eleven above, and the representations made on behalf of Zurich American Insurance Company, the restructuring of the holding company system whereby the stock ownership of Universal Underwriters Life Insurance Company was contributed as part of an extraordinary dividend payment from Universal Underwriters Insurance Company to its direct parent, Zurich American Insurance Company, was not made for the purpose of and did not have the effect of changing or influencing the control of Universal Underwriters Life Insurance Company, a Kansas domestic insurer.

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

1. Zurich American Insurance Company 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 reorganization.

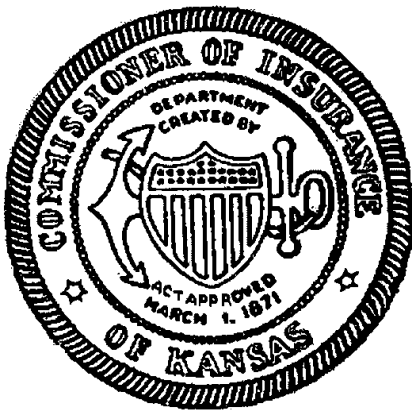
2. Zurich American Insurance Company shall comply with K.S.A. 40-3304 in the future.

3. 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.

NOTICE OF RIGHT TO JUDICIAL REVIEW

You have the right to judicial review in accordance with the provisions set forth in the Act for Judicial Review and Civil Enforcement of Agency Actions (K.S.A. 77-601, et seq., as amended). If you wish to appeal this decision, you must file a petition for judicial review after exhausting all administrative remedies available in this matter within 30 days. Your written petition for judicial review shall be served upon: Sandy Praeger, Commissioner of Insurance, Kansas Insurance Department, 420 SW 9th Street, Topeka, Kansas 66612-1678.

IT IS SO ORDERED THIS 12th DAY OF FEBRUARY, 2003, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



_____/s/ Sandy Praeger_____

Sandy Praeger

Commissioner of Insurance

BY:

_____/s/ John W. Campbell_____

John W. Campbell

General Counsel