

STATE OF MISSOURI

DEPARTMENT OF



INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

IN RE: The Proposed Acquisition of Independent)
 Reciprocal Exchange by Independent) Cause No. 030210158C
 Mutual Fire Insurance Company)

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Based on the testimony and other evidence presented, I, Scott B. Lakin, Director of Department of Insurance, State of Missouri, ("Director") find and conclude that:

1. On or about September 4, 2003, a Form A Registration Statement was filed with the Missouri Department of Insurance (the "Department") on behalf of Independent Mutual Fire Insurance Company ("Applicant") in connection with the proposed acquisition of Independent Reciprocal Exchange, a Missouri domestic property and casualty reciprocal exchange. On October 3, 2003, the Department ordered that a public hearing on the proposed acquisition be held at 10:00 a.m. on October 10, 2003, in Room 530 of the Truman Office Building, 301 West High Street, Jefferson City, Missouri. A public hearing was held as scheduled. Sherry L. Doctorian appeared for Applicant. Mark W. Stahlhuth appeared for the Department's Division of Financial Regulation.
2. Applicant is a mutual property and casualty insurance company domiciled in the State of Illinois. Independent Reciprocal Exchange, currently a reciprocal exchange insurer, is domiciled in the State of Missouri. Immediately after the acquisition, it will merge with Applicant, with Applicant being the surviving company. After the acquisition of Independent Reciprocal Exchange by Applicant, the subscribers of the reciprocal will become policyholders of Applicant. Applicant and Independent Reciprocal Exchange already share administrative office facilities, systems and employees.

3. A preponderance of evidence on the whole record fails to show that:
- A. After the change of control of Independent Reciprocal Exchange by Applicant, the surviving company will be unable to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed.
 - B. The effect of the merger or other acquisition of control of Independent Reciprocal Exchange would be substantially to lessen competition in insurance, or tend to create a monopoly therein.
 - C. The financial condition of the Applicant is such as might jeopardize the financial stability of Independent Reciprocal Exchange or prejudice the interest of its subscribers.
 - D. Any plans or proposals Applicant has to liquidate Independent Reciprocal Exchange, to sell its assets or to consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management are unfair and unreasonable to subscribers of Independent Reciprocal Exchange and contrary to the public interest.
 - E. The competence, experience and integrity of the Applicant's management are such that it would be contrary to the interests of the subscribers of Independent Reciprocal Exchange and of the public to permit the merger or other acquisition of control of Independent Reciprocal Exchange by the Applicant.
 - F. The acquisition of Independent Reciprocal Exchange by the Applicant is likely to be hazardous or prejudicial to the insurance buying public.

ORDER

Based on the foregoing findings and conclusions, the acquisition of Independent Reciprocal Exchange by Independent Mutual Fire Insurance Company as proposed in the Form A Registration Statement is hereby **APPROVED**.

So ordered, signed and official seal affixed this ____ day of _____, 2003.

SCOTT B. LAKIN, Director
Department of Insurance
State of Missouri