



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

IN RE: Proposed Acquisition of Automobile Club)
Inter-Insurance Exchange and Auto Club)
Family Insurance Company)
By) Case No. 060418209C
The Interinsurance Exchange of the)
Automobile Club and Automobile Club)
Of Southern California)

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Based on the competent and substantial evidence on the whole record, I, W. Dale Finke, Director of Insurance, State of Missouri, ("Director") find and conclude that:

1. On or about April 13, 2006, a Form A Registration Statement was filed with the Missouri Department of Insurance (the "Department") on behalf of The Interinsurance Exchange of The Automobile Club and Automobile Club of Southern California ("Applicants"), in connection with the proposed acquisition of control of Automobile Club Inter-Insurance Exchange (the "Missouri Exchange") and Auto Club Family Insurance Company (the "Missouri Domestic Companies"), both Missouri domestic insurance companies. On May 23, 2006, the Department held a public hearing pursuant to an order of notice of hearing. Molly S. Boast and David A. Shorr appeared for the Applicants. Mark W. Stahlhuth appeared for the Department's Division of Financial Regulation.

2. The Applicants will acquire control of the Insurers pursuant to an Affiliation Agreement, dated March 1, 2006, by and among the Applicants; the Missouri Domestic

Companies; the Automobile Club of Missouri, a Missouri nonprofit mutual benefit corporation; Auto Club Enterprises, a California nonprofit mutual benefit corporation; ACSC Management Services, Inc., a California corporation, a wholly-owned subsidiary of the Automobile Club of Southern California and the attorney-in-fact of The Interinsurance Exchange of The Automobile Club; and Club Exchange Corporation, a Missouri corporation, a wholly-owned subsidiary of the Automobile Club of Missouri and the attorney-in-fact of the Missouri Exchange (the “Affiliation Agreement”). Effective at the closing of the Affiliation Agreement: (1) all but one of the current members of the Advisory Board of the Missouri Exchange will resign and will be replaced by six persons designated by The Interinsurance Exchange of The Automobile Club and two persons designated by the Automobile Club of Missouri; and (2) the Power of Attorney of the Missouri Exchange will be amended, among other things: (a) to provide that six of the nine members of the Advisory Board of the Exchange will be members of the Board of Governors of The Interinsurance Exchange of The Automobile Club; (b) to eliminate the requirement that a majority of the Advisory Board be policyholders or officers of corporations or members of firms who hold policies of the Exchange; and (c) to authorize the Advisory Board to remove, at any time and for any reason which is not arbitrary or capricious, any Attorney-In-Fact appointed by the Power of Attorney and to designate Automobile Club Enterprises, an affiliate of the Automobile Club of Southern California, or any of its subsidiaries and affiliates as a replacement Attorney-In-Fact. This proposed amendment was approved by a vote of the subscribers of the Missouri Exchange, with the required quorum of at least 5% of such subscribers submitting ballots and more than 75% of those subscribers submitting valid ballots voting in favor of the proposed amendment.

3. A preponderance of the evidence on the whole record fails to show that:

A. After the acquisition of control of the Missouri Domestic Companies by the Applicants, the Missouri Domestic Companies, and each of them, will not be able to satisfy the requirements for the issuance of licenses to write the lines of insurance for which they are, and each of them is, presently licensed.

B. The effect of the acquisition of control of the Missouri Domestic Companies, and each of them, will be to substantially lessen competition in insurance, or tend to create a monopoly in this state.

C. The financial condition of the Applicants, or either of them, is such as might jeopardize the financial stability of the Missouri Domestic Companies, or any of them, or prejudice the interest of the policyholders of the Missouri Domestic Companies, or any of them.

D. The Applicants' plans or proposals, if any, to liquidate the Missouri Domestic Companies, or any of them, to sell their assets, or the assets of any of them, to consolidate or merge them with any person, or any of them, or to make any other material change in their business or corporate structure or management, or in the business or corporate structure or management of any of them, is unfair or unreasonable to policyholders of the Missouri Domestic Companies, or any of them, or contrary to the public interest.

E. The competence, experience and integrity of the Applicants' management is such that it would be contrary to the interests of the policyholders of the Missouri Domestic Companies and of the public to permit the acquisition of the Missouri Domestic Companies by the Applicants.

F. The proposed acquisition of the Missouri Domestic Companies by the Applicants is likely to be hazardous or prejudicial to the insurance buying public.

ORDER

Based on the foregoing findings and conclusions, the proposed acquisition of control of Automobile Club Inter-Insurance Exchange and Auto Club Family Insurance Company by The Interinsurance Exchange of The Automobile Club and Automobile Club of Southern California as submitted in the Form A Statement is hereby APPROVED.

So ordered, signed and official seal affixed this _____ day of June, 2006.

W. DALE FINKE, Director