



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

IN RE: The Proposed Acquisition of)
 First America Insurance Company)
 by Arch Capital Group Ltd.) Case No.010427413C

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Findings of Fact and Conclusions of Law

Based on the testimony and other evidence presented, I, SCOTT B. LAKIN, Director of the Department of Insurance, State of Missouri, find that:

1. On or about April 26, 2001, Arch Capital Group Ltd. ("ACGL") filed a Form A Statement with the Missouri Department of Insurance (the "Department"), in connection with the proposed indirect acquisition of First American Insurance Company ("FAIC"), a Missouri stock property and casualty insurance company. A public hearing was held on May 14, 2001, as ordered by the Department on May 1, 2001. ACGL and the Department's Division of Financial Regulation appeared by counsel.
2. Pursuant to the Form A, ACGL will purchase from Marsh & McLennan Risk Capital Holdings, Ltd., The Trident Partnership, L.P., TRYCO II, Ltd., Glenn L. Ballew and David G. May, 100% of the voting stock of Altus Holdings, Inc. (Altus). Altus indirectly controls 100% of the voting securities of FAIC.
3. A preponderance of evidence on the whole record fails to show that:
 - A. After the acquisition of FAIC by the ACGL, FAIC will not be able 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 acquisition of FAIC by the ACGL will be to substantially lessen competition in insurance or tend to create a monopoly in this State.

C. The financial condition of ACGL is such as might jeopardize the financial stability of FAIC or prejudice the interests of its policyholders.

D. ACGL's plans, if any, to liquidate or sell FAIC or to consolidate or merge it with other companies or to make any other material change in FAIC's business, corporate structure, or management, would be unfair or unreasonable to policyholders of FAIC or contrary to the public interest.

E. The competence, experience, and integrity of ACGL's management are such that it would be contrary to the interest of policyholders of FAIC and to the public to permit the acquisition of FAIC by the ACGL.

F. The proposed acquisition of FAIC by the ACGL is likely to be hazardous or prejudicial to the insurance buying public.

ORDER

Based on the foregoing Findings and Conclusions and pursuant to the provisions of sections 382.040 to 382.060, RSMo, the proposed acquisition of control of First American Insurance Company by Arch Capital Group Ltd. is **APPROVED**.

So ordered, signed and official seal affixed this 4th day of June, 2001.

[seal]

/signature/
SCOTT B. LAKIN, Director
Missouri Department of Insurance