

**STATE OF MAINE
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
BUREAU OF INSURANCE**

IN RE:)	
)	
APPLICATION OF BANC ONE PRIVATE)	
MORTGAGE INSURANCE COMPANY, INC.)	
FOR APPROVAL OF AN AGREEMENT AND)	
PLAN OF MERGER WITH CROSS COUNTRY)	DECISION AND ORDER
INSURANCE COMPANY)	
)	
Docket No. INS 05-401)	
)	
)	

Alessandro A. Iuppa, Superintendent of the Maine Bureau of Insurance and the Presiding Officer in this matter, issues this Decision and Order on the application of Banc One Private Mortgage Insurance Company, Inc. for approval of an agreement and plan of merger with Cross Country Insurance Company.

I. BACKGROUND

In early May 2005, Banc One Private Mortgage Insurance Company, Inc., a Maine domiciled insurer ("Banc One - Maine") submitted an application for approval with the Superintendent of an Agreement and Plan of Merger with Cross Country Insurance Company, a Vermont domiciled captive insurer ("Cross Country") (the "Proposed Transaction").

On July 1, 2004, Bank One Corporation, a registered multi-bank financial holding company headquartered in Illinois, merged with and into JPMorgan Chase & Co, a registered multi-bank financial holding company headquartered in New York. Following the merger, JPMorgan Chase has undertaken a company-wide review of its legal entities with a view towards streamlining its corporate structure.

As a result of the Banc One merger, JPMorgan Chase has two subsidiaries engaged in the business of reinsuring private mortgage insurance issued in connection with residential mortgage loans originated, purchased, or serviced by other JPMorgan Chase companies: Banc One - Maine and Cross Country. JPMorgan Chase proposes to merge Banc One - Maine with and into Cross Country.

JPMorgan Chase's bank subsidiaries include JPMorgan Chase Bank, National Association, a national banking association with its main office in Ohio, that is JPMorgan Chase's principal bank subsidiary ("Morgan Chase"); and Chase Bank, USA, National Association, a national banking association with its main office in Delaware, that houses substantially all

of JPMorgan Chase's credit card operations ("Chase"). At present, Bank One - Maine is a subsidiary of Morgan Chase and Cross Country is a subsidiary of Chase. Neither Banc One - Maine nor Cross Country issue insurance policies to the general public. Their business is strictly limited to reinsuring policies written by other carriers.

If the Proposed Transaction is approved, the ownership of Banc One - Maine will be merged with and into Cross Country on or about June 17, 2005. Thereafter, Banc One - Maine requests that its certificate of authority to transact insurance business in this State be terminated.

II. PROCEDURAL HISTORY

On or about May 2, 2005, Banc One - Maine submitted an application for approval, which was supplemented with additional materials on June 3, 2005.

On May 16, 2005, the Superintendent issued a Notice of Pending Proceeding and Hearing which, among other matters, set May 31, 2005 as the intervention deadline, set June 6, 2005 as the date for public hearing, and identified the various issues to be considered by the Superintendent at the public hearing. No persons filed applications to intervene as parties in this proceeding.

On May 31, 2005, Banc One - Maine submitted its proposed Plan of Withdrawal for purposes of terminating its existing certificate of authority in the State of Maine effective the consummation of the Proposed Transaction.

The hearing was held on June 6, 2005. Banc One - Maine representatives appeared and participated in the proceeding. No other persons, personally or through counsel or other representative, appeared at or participated in the hearing.

At the public hearing, the Superintendent orally granted confidentiality to the document entitled "Merger Agreement, Plan of Merger and Consent of Shareholders" that was included as part of the application for approval for the period up until the closing of the Proposed Transaction, if and when consummated. Following the closing of the Proposed Transaction the Merger Agreement document will be a public record in Maine, no longer subject to confidentiality.

III. STANDARD OF REVIEW

In deciding whether to approve the Proposed Transaction, the provisions of 24-A M.R.S.A. § 3474(2) require the Superintendent to determine:

1. Whether the Proposed Transaction is contrary to law;

2. Whether the Proposed Transaction is unfair or inequitable to the policyholders of any insurer involved;
3. Whether the Proposed Transaction would substantially reduce the security of and service to be rendered to policyholders of the domestic insurer in this State or elsewhere;
4. Whether the Proposed Transaction would materially tend to lessen competition in the insurance business in this State or elsewhere as to the kinds of insurance involved, or would materially tend to create a monopoly as to such business; or
5. Whether the Proposed Transaction is subject to other material and reasonable objections.

The Proposed Transaction is further subject to the provisions of 24-A M.R.S.A. § 415-A which require the Superintendent to approve a plan of withdrawal for the termination of Banc One – Maine’s certificate of authority to transact insurance business in this State.

IV. FINDINGS OF FACT and CONCLUSIONS OF LAW

At the hearing held on June 6, 2005, testimonial evidence was presented by Banc One – Maine’s witness Arthur T. Guja, Esq., Senior Vice President & Associate General Counsel, J.P. Morgan Chase & Co. The documentary materials filed with the Superintendent by Banc One – Maine in support of its application for approval are also a part of the administrative record.

Based on a review of the testimonial and documentary evidence in the record, the Superintendent finds that no issues of material concern exist with respect to Banc One - Maine’s and/or Cross Country’s abilities to satisfy the legal standards for approval set forth in 24-A M.R.S.A. § 3474(2), summarized as follows:

- (1) No evidence was presented that demonstrates, and the Superintendent does not find, that any aspect of the Proposed Transaction is contrary to law.
- (2) No evidence was presented that demonstrates, and the Superintendent does not find, that any aspect of the Proposed Transaction is unfair or inequitable to the policyholders of any insurer involved. In support of this finding and conclusion, the record demonstrates that Banc - One Maine has not written any direct insurance business in any jurisdiction.
- (3) No evidence was presented that demonstrates, and the Superintendent does not find, that any aspect of the Proposed Transaction would substantially reduce the security of and service to be rendered to policyholders of the domestic insurer in this State or elsewhere. In support of this finding and conclusion, the record demonstrates that Banc - One Maine has not written any direct insurance business in any jurisdiction.
- (4) No evidence was presented that demonstrates, and the Superintendent does not find, that any aspect of the Proposed Transaction would materially tend to lessen competition in the insurance business in this State or elsewhere as to the kinds of insurance involved, or would materially tend to create a monopoly as to such business.
- (5) No evidence was presented that demonstrates, and the Superintendent does not find, that any aspect of the Proposed Transaction is subject to other material and reasonable objections.

For all of the foregoing reasons, the Superintendent concludes that the Applicants' have met the legal standards for approval set forth in 24-A M.R.S.A. § 3474(2).

V. ORDER

By reason of the foregoing, the Superintendent ORDERS that:

1. The application of Banc One Private Mortgage Insurance Company, Inc. for approval of an Agreement and Plan of Merger with Cross Country Insurance Company is APPROVED.
2. The Plan of Withdrawal of Banc One Private Mortgage Insurance Company, Inc. is APPROVED.
3. The currently active certificate of authority of Banc One Private Mortgage Insurance Company, Inc. to transact insurance business in the State of Maine (Maine Insurance License Number PCD93961) shall terminate effective the closing of the merger of Banc One Private Mortgage Insurance Company, Inc. with and into Cross Country Insurance Company.

VI. NOTICE OF APPEAL RIGHTS

This Decision and Order is final agency action of the Superintendent of Insurance within the meaning of the Maine Administrative Procedure Act. Any party may appeal this Decision and Order to the Superior Court as provided by 24-A M.R.S.A. § 236, 5 M.R.S.A. § 11001, et seq. and M.R. Civ. P. 80C. Any such party must initiate an appeal within thirty days after receiving this notice. Any aggrieved non-party whose interests are substantially and directly affected by this Decision and Order may initiate an appeal within forty days of the issuance of this decision. There is no automatic stay pending appeal; application for stay may be made as provided in 5 M.R.S.A. § 11004.

PER ORDER OF THE SUPERINTENDENT OF INSURANCE

DATED: June 8, 2005

ALESSANDRO A. IUPPA
Superintendent of Insurance