

IN RE BERKLEY INSURANCE CO.]	
<i>and</i>]	
SIGNET STAR HOLDINGS, INC.]	CONSENT AGREEMENT
]	
DOCKET NO. INS-01-2522]	

Berkley Insurance Company ("BIC"), Signet Star Holdings, Inc., the Maine Superintendent of Insurance (the "Superintendent"), and the Maine Department of the Attorney General hereby enter into this Consent Agreement, pursuant to 10 M.R.S.A. § 8003(5)(B), to resolve without an adjudicatory hearing the issues raised by the transfer of ownership of Berkley Regional Insurance Company ("BRIC") to BIC on December 31, 2000, and the resulting change of control of Acadia Insurance Company, Cadillac Mountain Insurance Company, and Chesapeake Bay Property and Casualty Insurance Company, (collectively, the "Acadia Companies").

Stipulations

1. The Superintendent is the official charged with administering and enforcing the insurance laws of the State of Maine.
2. BRIC is a Delaware stock insurance corporation with a principal place of business in Greenwich, Connecticut, and is authorized to do business as an insurer in the State of Maine pursuant to 24-A M.R.S.A. § 414.
3. BIC, formerly known as Signet Star Reinsurance Company, is a Delaware stock insurance corporation with a principal place of business in Florham Park, New Jersey. BIC does not hold a Maine certificate of authority, but is authorized to reinsure Maine domestic insurers pursuant to Bureau of Insurance Rule 740.
4. The Acadia Companies are Maine stock insurance corporations with principal places of business in Westbrook, Maine, and are authorized to do business as insurers in the State of Maine pursuant to 24-A M.R.S.A. § 414.
5. W.R. Berkley Corporation is a Delaware business corporation with a principal place of business in Greenwich, Connecticut. It is an insurance holding company but is not itself authorized as an insurer in any jurisdiction.
6. Signet Star Holdings, Inc. is a Delaware business corporation with a principal place of business in Florham Park, New Jersey. It is an insurance holding company but is not itself authorized as an insurer in any jurisdiction.
7. Signet Star Holdings has at all relevant times been a wholly-owned direct subsidiary of W.R. Berkley Corporation, and BIC has at all relevant times been a wholly-owned direct subsidiary of Signet Star Holdings.
8. Acadia Insurance Company has at all relevant times been a wholly-owned direct subsidiary of BRIC. The other two Acadia Companies have at all relevant times been wholly-owned direct subsidiaries of Acadia Insurance Company.
9. Until December 31, 2000, BRIC was domiciled in Missouri and was a wholly-owned direct subsidiary of W.R. Berkley Corporation.

10. On December 31, 2000, W.R. Berkley Corporation transferred ownership of its BRIC stock, without consideration, to its indirect subsidiary BIC. At the same time, BRIC redomesticated from Missouri to Delaware, without change of corporate identity.
11. When BIC acquired 100% ownership of BRIC, BIC and its parent Signet Star Holdings became "controlling persons" of the Acadia Companies within the meaning of the Maine Holding Company Act, 24-A M.R.S.A. § 222(2)(B).
12. Pursuant to 24-A M.R.S.A. § 222(4-A)(A) & (4-B), and Bureau of Insurance Rule 180, §§ 10 through 12, any person seeking to acquire control of a domestic insurer, directly or through the acquisition of the domestic insurer's controlling person, must give advance written notice to the Superintendent by completing and filing Form A.
13. The Maine Bureau of Insurance was first notified of the stock transfer on January 25, 2001, almost a month after the transaction had already taken place. That notification occurred in the course of the Bureau's review of the BRIC redomestication, as it affected BRIC's certificate of authority as a foreign insurer, and did not indicate that domestic companies were affected.
14. BIC's initial Form A application was received by the Superintendent on May 3, 2001. An amended Form A including Signet Star Holdings was received on May 21. A second amendment describing the primary purpose of Signet Star Holdings was received on May 25. These filings were untimely by more than five months, in violation of 24-A M.R.S.A. § 222.
15. Pursuant to 24-A M.R.S.A. § 222(4-A), after receiving and reviewing notice of a proposed acquisition of control, the Superintendent may exempt a transaction from the approval requirements of the Maine Holding Company Act if he determines "that the interests of the State in regulating that transaction are minimal relative to the interests of other jurisdictions or are minimal relative to the impact of the transaction as a whole, provided that it does not appear likely that exempting the transaction from the application of this section will be detrimental to the interests of Maine policyholders."
16. The transaction in question was an internal holding company system restructuring which was reviewed and approved in advance by the Delaware and Missouri Commissioners of Insurance. W.R. Berkley Corporation's 100% indirect ownership of the Acadia Companies, with full capacity to control the Acadia Companies, is undiminished by the transaction.
17. Had the Superintendent received timely notice of this transaction and a report of its review by the States of Delaware and Missouri, he would have determined that the interests of the State in regulating that transaction are minimal relative to the interests of other jurisdictions and relative to the impact of the transaction as a whole, and that it does not appear likely that exempting the transaction from review under the Holding Company Act will be detrimental to the interests of Maine policyholders.

Covenants

The Respondents, the Superintendent, and the Department of the Attorney General agree to the following:

18. This Consent Agreement is entered into in accordance with 10 M.R.S.A. § 8003(5)(B) and is not subject to review or appeal. This Consent Agreement is enforceable by an action in the Superior Court.
19. The Respondents warrant that W.R. Berkley Corporation continues to be the ultimate controlling person of the Acadia Companies; that the transfer of BRIC's ownership will have no impact on the management, operations, or finances of the Acadia Companies; that no management agreements to which any of the Acadia Companies is a party have changed as a result of the transfer of BRIC's ownership; and that this transaction does not relate to any change in the ownership of W.R. Berkley Corporation.
20. Having reviewed the May 21 and May 25 amended filings and supplementary information provided since that date, and in reliance on the Respondents' representations as to the effect of the transaction, the Superintendent agrees to exempt the Form A transaction from the approval requirements of 24-A M.R.S.A. § 222(4-A)(B) & (C) and 222(7). This exemption is granted as an exercise of the Superintendent's discretion, and nothing in this Consent Agreement shall be construed as entitling possible future transactions to any exemption as of right.
21. BIC and Signet Star Holdings, Inc. each agrees to the imposition of a civil penalty of \$1000 pursuant to 24-A M.R.S.A. § 12-A. Each Respondent shall submit a check for \$1000, payable to the Treasurer of the State of Maine, at the time of the execution of this Agreement.
22. The Acadia Companies shall provide written notification to the Superintendent at least 30 days in advance of entering into any transaction with a member of their holding company system, as required by 24-A M.R.S.A. § 222(9).
23. In consideration of the Respondents' execution of and compliance with the terms of this Consent Agreement, the Superintendent agrees to forgo pursuing any disciplinary measures or other civil or administrative sanction for the actions described in the Stipulations, other than those agreed to in this Consent Agreement. However, should any of the Respondents or any of the Acadia Companies violate this Consent Agreement, the Superintendent reserves the right to pursue any available legal remedy for the violation, including without limitation the suspension or revocation of any license issued to that company by the Superintendent. The Respondents acknowledge that in the event of any future reorganization of the W.R. Berkley Corporation Group that directly or indirectly affects a Maine-domiciled insurer, all required filings must be made with the Superintendent sufficiently in advance of the effective date of the transaction to comply fully with all applicable legal requirements.
24. The parties to this Agreement understand that nothing herein shall affect any rights or interests that any person not a party to this Agreement may possess.
25. The Respondents understand and acknowledge that this Agreement will constitute a public record within the meaning of 1 M.R.S.A. § 402, will be available for public inspection and copying as provided for by 1 M.R.S.A. § 408, and will be reported to the National Association of Insurance Commissioners' "RIRS" database.
26. The Respondents have been advised of their right to consult with counsel, and have consulted with counsel before executing this Agreement.

FOR BERKLEY INSURANCE COMPANY

Dated:

(signature)

(printed name and title)

Personally appeared before me this day _____, and signed this Consent Agreement in my presence.

Notary Public

FOR SIGNET STAR HOLDINGS, INC.

Dated:

(signature)

(printed name and title)

Personally appeared before me this day _____, and signed this Consent Agreement in my presence.

Notary Public

FOR THE DEPARTMENT OF THE ATTORNEY GENERAL

Dated:

Thomas C. Sturtevant, Jr., AAG

BY THE SUPERINTENDENT OF INSURANCE

Dated:

Alessandro A. Iuppa, Superintendent