

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

IN RE: )  
 )  
FORM A STATEMENT REGARDING THE )  
ACQUISITION OF OR MERGER WITH BANC ONE )  
PRIVATE MORTGAGE INSURANCE COMPANY BY ) ORDER  
J.P. MORGAN CHASE & CO. )  
 )  
Docket No. INS-04-400 )  
 )

Alessandro A. Iuppa, Superintendent of the Maine Bureau of Insurance, issues this Order in the above-captioned matter.

I. APPLICANT'S FORM A STATEMENT

On February 13, 2004, and pursuant to the requirements of 24-A M.R.S.A. § 222, J. P. Morgan Chase & Co. ("J. P. Morgan") filed with the Superintendent the subject Form A Statement regarding its proposed acquisition of or merger with Banc One Private Mortgage Insurance Company ("BOPMIC"), which is a Maine domestic insurance company. J. P. Morgan simultaneously requested that the Superintendent determine that it be exempt from the requirements of 24-A M.R.S.A. § 222(4-A)(B) and (C) pursuant to section 222(4-A).

In response to requests from the Superintendent, J. P. Morgan supplemented its filings in order to comply with the requirements of 24-A M.R.S.A. § 222(4-B). The filing became complete on March 29, 2004.

II. STANDARD FOR EXEMPTION

The Superintendent may exempt from the requirements of 24-A M.R.S.A. § 222(4-A)(B) and (C) a transaction otherwise subject to the requirements of section 222 if he determines that the interests of the State in regulating the transaction 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.

### III. FINDINGS OF FACT

After review of the record in this case, the Superintendent finds as follows:

1. BOPMIC (license # PCD93961; NAIC Company Code 11235) is a Maine domestic insurer authorized to write mortgage guaranty business.
2. BOPMIC currently has no policyholders, but serves as a reinsurer with obligations to other mortgage guaranty insurers only.
3. BOPMIC has statutory assets of \$44,521,765 and total capital and surplus of \$18,452,688 as of December 31, 2003, per its statutory financial statements.
4. J. P. Morgan has assets of \$771,912,000,000 and total stockholders' equity of \$46,154,000,000 as of December 31, 2003, per Form S-4.
5. The parent company of BOPMIC, Bank One Corporation ("Bank One") has assets of \$326,563,000,000 and total stockholders' equity of \$23,419,000,000 as of December 31, 2003, per Form S-4.
6. Assuming that J. P. Morgan's proposed acquisition of Bank One occurred on December 31, 2003, per the Form S-4 on a pro forma basis, the assets of the combined entity would total \$1,135,234,000,000 and the stockholders' equity of the combined entity would total \$104,457,000,000.
7. BOPMIC's assets as of December 31, 2003, represented less than 0.014% of Bank One's total assets.
8. Assuming that J. P. Morgan's proposed acquisition of Bank One occurred on December 31, 2003, BOPMIC's assets as of December 31, 2003, would have represented less than 0.01% of the pro forma assets of the combined entity.
9. The transaction as a whole must be approved by the Federal Reserve System.

### IV. CONCLUSIONS OF LAW

Based on the findings expressed above, the Superintendent determines that the interests of the State in regulating the transaction are minimal relative to the impact of the transaction as a whole. Furthermore, it does not appear likely that exempting the transaction from the application of this section will be detrimental to the interests of Maine policyholders.

### III. ORDER

The Superintendent hereby ORDERS that J. P. Morgan's Form A Statement regarding its proposed acquisition of or merger with Banc One Private Mortgage Insurance Company be exempt from the requirements of 24-A M.R.S.A. § 222(4-A)(B) and (C). In order to ensure that exempting the transaction from the application of this section will not be detrimental to the interests of Maine policyholders, the Superintendent further ORDERS that J. P. Morgan comply with the following conditions:

1. J. P. Morgan shall promptly notify the Superintendent when the merger transaction has closed.
2. J. P. Morgan shall promptly notify the Superintendent in the event that the merger is in any way restructured pursuant to Section 1.5 of the Agreement and Plan of Merger dated January 14, 2004.

3. J. P. Morgan shall promptly file an updated business plan prepared on a statutory accounting basis, including a balance sheet, income statement, statement of cash flows, and projected risk-based capital calculation for the Bureau's review prior to making a material change to the current operations of BOPMIC. A material change includes, but is not limited to plans to write insurance business on a direct business, plans to restructure current reinsurance arrangements, and plans to enter into new reinsurance arrangements.
4. J. P. Morgan, as long as it is the ultimate controlling parent organization, shall ensure that BOPMIC continues to comply with the conditions currently applicable to its certificate authority in Maine.
5. J. P. Morgan, as long as it is the ultimate controlling parent organization, shall ensure that BOPMIC and its intermediate parent companies continue to comply with all applicable provisions of the Maine Insurance Code, Title 24-A of the Maine Revised Statutes Annotated, including the submission of change in control filings required by Section 222, in the event of any restructurings being considered within the organization that include a change in control of any intermediate parent organization of BOPMIC.

#### IV. NOTICE OF APPEAL RIGHTS

This Order is a final agency action of the Superintendent of Insurance within the meaning of the Maine Administrative procedure Act. It may be appealed to the Superior Court in the manner provided in 24-A M.R.S.A. § 236, 5 M.R.S.A. § 11001-11007, and M.R.Civ.P. 80C. Any party to the proceeding may initiate an appeal within thirty (30) days after receiving this notice. Any aggrieved non-party whose interests may be substantially and directly affected by this Decision may initiate an appeal within forty (40) days of the date of this Decision. There is no automatic stay pending appeal; application for stay may be made in the manner provided in 5 M.R.S.A. § 11004.

PER ORDER OF THE SUPERINTENDENT OF INSURANCE

DATED: April 26, 2004

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Alessandro A. Iuppa  
Superintendent of Insurance