

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK AND HOLDING COMPANY ACQUISITION AND REBUTTAL OF CONTROL

Order No.: 2000-101
Date: November 16, 2000
Re: Dockets Nos. H-3307, 15686

Peyton Street Independent Financial Services Corporation, Independent Insurance Agents of America, Inc., Alexandria, Virginia, W.R. Berkley Corporation, Greenwich, Connecticut, Signet Star Holdings, Inc. and Signet Star Reinsurance Company, Florham Park, New Jersey, (collectively, the Applicants) have applied for approval of the Office of Thrift Supervision (the OTS) pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3 for permission to organize and to acquire InsurBanc, FSB, Farmington, Connecticut (the Savings Bank). In addition, Franklin Resources Inc., Temple Global Advisors, Limited and Franklin Mutual Advisors, LLC, San Mateo, California, have filed, pursuant to 12 C.F.R. § 574.7(e), a rebuttal of control submission that includes a rebuttal of control agreement (collectively, the Applications). The Savings Bank will be a member of the Savings Association Insurance Fund.

The Savings Bank has requested a waiver of the requirement of 12 C.F.R. § 543.3(d)(1) that a majority of a de novo association's board of directors be representative of the state in which the Savings Bank is located.

The OTS has considered the Applications, as supplemented by representations by the Applicants, the Savings Bank and their attorneys, under the factors set forth in 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 543.3, 552.2-1, 574.4 and 574.7 and other applicable statutes and regulations. The OTS also has considered the Applications under the Community Reinvestment Act (the CRA), 12 U.S.C. § 2901 et seq., and the OTS regulations thereunder, 12 C.F.R. Part 563e. The OTS has considered an analysis prepared by the OTS Northeast Regional Office (Regional Office), a legal opinion by the Business Transactions Division, and a summary by the Office of Examination and Supervision (collectively the Staff Memoranda). For the reasons set forth in the Staff Memoranda, the OTS finds that the waiver request meets the standard set forth under 12 C.F.R. § 500.30(a), and hereby waives the applicability of 12 C.F.R. § 543.3(d)(1). In addition, for the reasons set forth in the Staff Memoranda, the OTS finds that the Applications satisfy all applicable approval standards, other than 12 C.F.R. § 543.3(d)(1), provided that the following conditions are complied with in a manner satisfactory to the Northeast Regional Director, or his designee (Regional Director). Accordingly, the rebuttal of control is accepted and the Applications are hereby approved, subject to the following conditions:

1. The Applicants and the Savings Bank must receive all required regulatory and shareholder approvals for the proposed transaction and submit copies of all such approvals to the Regional Director prior to consummation of the proposed transaction;
2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Applicants and the Savings Bank must certify in writing to the Regional Director that no material adverse events or material adverse changes have occurred with respect to the financial condition or operation of the Applicants and the Savings Bank as disclosed in the Applications. If additional information having an adverse bearing on any feature of the Applications is brought to the attention of the Applicants, the Savings Bank, or the OTS since the date of the financial statements submitted with the Applications, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;
4. The Applicants and the Savings Bank must advise the Regional Director in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications, and this Order;
5. The Savings Bank must submit independent audit reports to the Regional Office for its first three fiscal years. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
6. Within 30 days from the date of this Order, the Savings Bank must submit an updated business plan that is acceptable to the Regional Director and that reflects all material changes made to the business plan between the most recent date on which a revised business plan was filed and the date of this Order;
7. The Savings Bank must operate within the parameters of its business plan. The Applicants and the Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Applicants), and in particular, those pertaining to the cross-marketing of products of the Savings Bank and its affiliates and the independent insurance agents, a change in the role of the independent insurance agents, any change in the Independent Insurance Agent Referral Agreements or changes in delivery system of the Savings Bank's products, for the prior written non-objection of the Regional Director. The request for change must be submitted a minimum of 60 calendar days before the proposed change is implemented with a copy to the FDIC Regional Office;

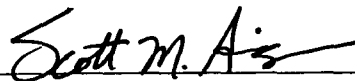
8. The Savings Bank must submit quarterly variance reports depicting the Savings Bank's operations versus the submitted business plan to the Regional Director within 45 days of the end of each quarter for the first three years of operation;
9. Prior to the consummation of the proposed transaction, the Applicants must submit to the Regional Director a certification stating: (a) that the Savings Bank's shares will be sold solely for cash; (b) the total number of shares to be sold by the Savings Bank; and (c) the total cash consideration to be received by the Savings Bank;
10. The Savings Bank must maintain a core capital ratio of at least 10 percent. This condition can be modified at the discretion of the Regional Director;
11. At least 40 percent of the Savings Bank's board of directors must be individuals who are not officers or employees of the Applicants or affiliates thereof and has not otherwise been determined by the Regional Director to lack sufficient independence, and at least one member of the Savings Bank's board of directors must be an individual who is not an officer, director or employee of the Applicants or any affiliate and who is not an officer or employee of the Savings Bank and has not otherwise been determined by the Regional Director to lack sufficient independence. At least 50 percent of the audit committee established by the Savings Bank must be directors who are not officers or employees of the Savings Bank, the Applicants or any affiliates and has not otherwise been determined by the Regional Director to lack sufficient independence. If compliance with this condition involves the selection of additional directors, each director must receive the prior written approval of the Regional Director;
12. At least 30 calendar days prior to opening for business, the Savings Bank must submit to the Regional Director for his review and non-objection an internal audit program that incorporates written policies and procedures to monitor agent compliance with the Savings Bank's internal policies and procedures and the terms of the Independent Insurance Agency Referral Agreement. The program should address procedures for the timely and effective resolution of customer complaints, a process for monitoring performance of loans referred by each agency, a mystery shopping program and procedures for conducting follow-up with consumers;
13. At least 30 calendar days prior to opening for business, the Savings Bank must submit to the Regional Director for his review and non-objection InsurBanc's Agent Education Program and the Independent Agent Product and Policy Manual. The Program must contain provisions for the Savings Bank to provide the agents with refresher training on a periodic basis. Management must affirm to OTS that all representations contained in the Application regarding policies, procedures and controls have been incorporated in the Program and Manual;

14. At least 30 calendar days prior to opening for business, the Savings Bank must submit to the Regional Director for his review and non-objection a copy of the disclosure form to be included in the Independent Agent Product and Policy Manual that will advise customers of the differences between FDIC-insured deposit products and uninsured agency non-deposit investment products. Such disclosure must be in accordance with Interagency Guidelines;
15. At least 60 calendar days prior to opening for business, the Savings Bank must appoint a Compliance Officer responsible for the development, implementation and management of the Savings Bank's compliance program, including Federal fair lending and consumer protection laws and regulations;
16. At least 30 calendar days prior to opening for business, the Savings Bank must submit to the Regional Director for his review and non-objection, a plan that includes, at a minimum, a comprehensive compliance management plan that describes an ongoing system for assuring compliance with Federal fair lending and consumer protection statutes and regulations, inclusive of procedures that will be implemented to train and oversee all persons who offer or process Savings Bank products.
17. For the first eighteen months of operation, any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review, must be provided to the Regional Director at least 30 calendar days prior to execution and must receive his written non-objection prior to implementation;
18. At least 30 calendar days before commencing operations, the Savings Bank must submit to the Regional Director a report identifying each function it is outsourcing to a third party vendor, including the name of the service provider. During the first three years of operations, the Savings Bank must communicate any significant changes to this report to the Regional Director within 30 days before the change;
19. Within 60 calendar days of approval of the proposed transaction, identify all individuals the Savings Bank plans to hire for senior management positions and the Savings Bank must submit all appropriate background information for such individuals for the prior review and non-objection of the Regional Director; and

20. Within the first year of its operations, the proposed appointment of any permanent executive officer or director of the Savings Bank is subject to the prior review and non-objection of the Regional Director.

Any time specified herein may be extended by the Regional Director, for good cause, for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or her designee, effective
November 16, 2000.



Scott M. Albinson
Managing Director
Office of Supervision