

STATE OF CONNECTICUT
INSURANCE DEPARTMENT

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In the Matter of: :
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 :
Proposed Acquisition of Control Of :
THE HARTFORD STEAM BOILER INSPECTION AND :
INSURANCE COMPANY, a Connecticut corporation :
which is a wholly owned subsidiary of HSB Group, Inc. :
and THE HARTFORD STEAM BOILER INSPECTION :
AND INSURANCE COMPANY OF CONNECTICUT, a :
Connecticut corporation and a wholly owned subsidiary of :
The Hartford Steam Boiler Inspection and Insurance :
Company : Docket No. EX 00-95
 :
BY :
 :
AMERICAN INTERNATIONAL GROUP, INC., :
a Delaware corporation :
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ORDER

I, William J. Gilligan, Deputy Insurance Commissioner of the State of Connecticut, having read the record of the above captioned matter, do hereby adopt the findings and recommendation of John M. Purple, Hearing Officer, which are contained in the attached Proposed Final Decision, dated November 17, 2000; and do hereby issue the following orders, TO WIT:

1. The application of American International Group, Inc. ("AIG") in which it seeks approval to acquire control of The Hartford Steam Boiler Inspection and Insurance Company ("HSB") and The Hartford Steam Boiler Inspection and Insurance Company of Connecticut ("HSB-CT") is hereby approved.

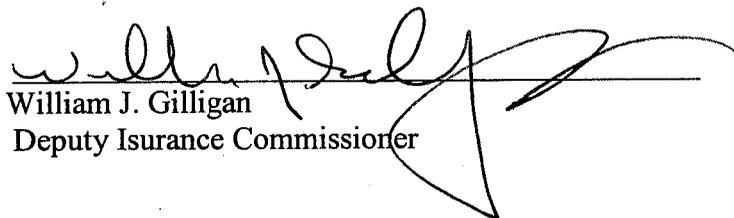
2. AIG, HSB and HSB-CT shall comply with the public interest commitments as outlined in the formal commitment letter from AIG, dated November 6, 2000.
3. For a period of three (3) years, the Insurers shall file semiannually with the Insurance Department, commencing six months from consummation of the transaction, a report of its business operations in Connecticut, including but not limited to, changes to the business of the Insurers, employment levels, changes in officers or directors of the Insurers or any changes in the location of operations in Connecticut for the Insurers.
4. AIG shall provide the Insurance Department with written confirmation of the consummation of the acquisition of control by AIG of HSB and HSB-CT.
5. If the proposed transaction is not consummated within three (3) months of the date of this Order and AIG intends to consummate the proposed transaction, AIG shall submit to the Commissioner a statement, which shall include (1) the reason for AIG's inability to consummate the proposed Transaction; (2) any material changes in the information contained in the Form A Statement; and (3) the current financial statements of AIG and the Insurers.
6. Within fifteen (15) days after the end of the month in which the proposed acquisition is consummated, the Insurers shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulation of Connecticut State Agencies.

7. The change of control of the Insurers shall be exempt from the financial examination and market conduct examination provisions of Conn. Gen. Stat.

§38a-136(i)(1).

8. HSB and HSB-CT shall, at all times, maintain their original books and records in the State of Connecticut.

Dated at Hartford, Connecticut, this 21st day of November, 2000.


William J. Gilligan
Deputy Insurance Commissioner