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ARTICLES OF AGREEMENT

OF THE

PENN NATIONAL SECURITY INSURANCE COMPANY

Know all Men by these presents:--We, the undersigned, being of full age, all of whom are citizens of the United States, its territories or possessions do hereby associate to form an incorporated company for the purpose of transacting the business of casualty insurance in accordance with the provisions of an Act of the General Assembly of the Commonwealth of Pennsylvania, entitled "An act relating to insurance; amending, revising and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision and protection of home and foreign insurance companies, Lloyds Associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund, providing penalties and repealing existing laws," approved the seventeenth day of May, A.D. 1921, as amended, for that purpose do make and sign these as our Articles of Agreement:

1st. The name by which the Company shall be known is Penn National Security Insurance Company.

2nd. The classes of insurance for which the Company is constituted are Subdivisions (b), Paragraphs 1 through 3 inclusive and Subdivision (c), Paragraphs 1 through 14 inclusive, as provided for in Section 202 of the above recited Act, vis: For making insurances:

(b) (1) On dwelling houses, stores, and all kinds of buildings, and household furniture and other property,--against loss or damage, including loss of use or occupancy, by fire, smoke, smudge, lightning, and explosion, whether fire ensue or not, and by tornadoes, cyclones, windstorms, earthquakes, hail, frost, sleet, snow, or flood; against loss or damage by water to any goods or premises, arising from the breakage or leakage of sprinklers, pumps, or other apparatus erected for extinguishing fires, and of water pipes, against accidental injury to such sprinklers, pumps, or other apparatus; against loss or damage caused by the caving in of the surface of the earth above coal mines; against perils to property arising from the ownership or maintenance or from the use of aircraft, automobiles, or other motor vehicles; against loss or damage caused by bombardment, invasion, insurrection, riot, civil war, or commotion, and military or usurped power; and against damage to property as specified in this paragraph by any or all risks not herein specifically designated; and to effect reinsurance of any risk provided for in this clause.

(b) (2) Upon vessels, boats, cargoes, goods, personal property, merchandise, freight and other property,--against loss or damage by all or any of the risks of lake, river, canal, and inland navigation and transportation, including all personal property floater risks; upon

automobiles, airplanes, seaplanes, dirigibles, or other aircraft, whether stationary or in operation or in transit, against loss or damage by fire, explosion, transportation, collision, or by burglary, larceny, or theft, not including, in any case, insurance against losses by reason of bodily injury to the person; and to effect reinsurance of any risk provided for in this clause.

(b) (3) Upon vessels, freight, goods, wares, merchandise, specie bullion, jewels, profits, commissions, bank notes, bills of exchange, and other evidence of debt, bottomry and respondentia interests, and every insurance appertaining to or connected with marine risks, and risks of transportation and navigation; and to effect reinsurance of any risk provided for in this clause.

(c) (1) Guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts, other than insurance policies; guaranteeing the performance of insurance contracts, where surety bonds are accepted from insurance companies by States or municipalities in lieu of actual deposits; executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed; and indemnifying banks, bankers, brokers, financial or moneyed associations, or financial or moneyed corporations, against the loss of any bills of exchange, notes, drafts, acceptances of draft, bonds, securities, evidences of debt, deeds, mortgages, warehouse receipts, bills of lading, documents, currency, money, gold platinum, silver and other precious metals, refined or unrefined, and articles made therefrom jewelry, watches, necklaces, bracelets, gems, precious and semi-precious stones, and also against loss resulting from damage, except by fire, to the insured's premises, furnishings, fixtures, equipment, safes, and vaults therein, caused by burglary, robbery, hold-up, theft, or larceny, or attempt thereat, except against loss caused by marine risk or risks of transportation or navigation: Provided, however, That indemnification against the loss of such property may include loss occurring during transportation by an armored motor vehicle accompanied by one or more armed guards. Also guaranteeing any Federal Land Bank against loss by reason of defective title or incumbrances on real property on which any such Federal Land Bank may make a loan secured by a mortgage.

(c) (2) To insure against injury, disablement, or death resulting from traveling or general accident, and against disablement resulting from sickness, and every insurance appertaining thereto, including a funeral benefit to an amount not exceeding one hundred dollars.

(c) (3) To insure against loss of, and damage to, glass, including lettering and ornamentation thereon, and the frame in which the glass is set, resulting from breakage of the insured glass.

(c) (4) To insure any one against loss or damage resulting from accident to, or injury, fatal or non-fatal, suffered by any person, for which the person insured is liable; to insure against medical, hospital, surgical and funeral expenses incurred by or on behalf of the persons accidentally injured, including the person insured; to insure against loss or damage to property caused by horses, or by any vehicle drawn by animal power, for

which loss or damage the person insured is liable; and to insure against loss or damage to property, for which loss or damage the person insured is liable, but not including any kind of property damage insurance specified in other paragraphs of this section. Nothing in this paragraph shall apply to any kind of insurance against loss or damage resulting from the ownership, maintenance or use of a motor vehicle. Further, nothing contained in this paragraph shall apply to any kind of workmen's compensation insurance against loss or damage resulting from accident to, or injury, fatal or non-fatal, suffered by an employe for which the person insured is liable or against medical, hospital, surgical and funeral expenses incurred by or on behalf of the employe accidentally injured as provided for in clause (14), subdivision (c) of Section 202.

(c) (5) To insure steam boilers, and pipes, flywheels, engines, and machinery connected therewith or operated thereby against loss caused by explosion or accident; and against loss of or damage to life, person, or property resulting therefrom, and against loss of use and occupancy caused thereby; and to make inspection of, and issue certificates of inspection upon, such boilers, pipes, flywheels, engines, and machinery.

(c) (6) To insure against loss or damage by burglary, larceny, theft, robbery, forgery, fraud, vandalism or malicious mischief (or any one or more of such hazards), and to insure against any and all kinds of loss or destruction of, or damage to, moneys, securities, currencies, scrip, coins, bullion, bonds, notes, drafts, acceptance drafts, bills of exchange, and other valuable papers or documents, except while in the custody or possession of, and being transported by, a carrier for hire or in the mail, and against loss or damage to automobiles and aircraft by burglary, larceny or theft, vandalism or malicious mischief, confiscation or wrongful conversion, disposal or concealment, whether held under conditional sale contract or subject to chattel mortgages, or otherwise, or any one or more of such hazards.

(c) (7) To carry on the business of credit insurance or guaranty, either by agreeing to purchase uncollectible debts or otherwise; and to insure against loss or damage from the failure of persons indebted to the insured to meet their liabilities.

(c) (8) To insure any goods or premises against loss or damage by water or other fluid, caused by the breakage or leakage of sprinklers, pumps, or other apparatus, erected for extinguishing fires, or of other conduits or containers, or of water pipes, or caused by casual water entering through leaks or openings in buildings; and against accidental injury, from causes other than fire or lightning, to such sprinklers, pumps, water pipes, conduits, containers, or other apparatus; and against damage from use or occupancy of premises by reason of such loss or damage.

(c) (9) To insure against loss or damage to elevators or other property, except loss or damage by fire, caused by the maintenance, operation, or use of elevators and machinery; loss or legal liability for damage to property resulting from such operation, maintenance, or use of elevators.

(c) (10) To insure horses, cattle, and other livestock.

(c) (11) To insure against loss or damage to motor vehicles and airplanes, seaplanes, dirigibles, or other aircraft (except loss or damage by fire or while being transported in any conveyance by land or water), including loss by legal liability for damage to property resulting from the maintenance and use of motor vehicles and airplanes, seaplanes, dirigibles, or other aircraft, to insure anyone against loss or damage resulting from accident to, or injury, fatal or nonfatal, suffered by another person, for which the person insured is liable resulting from the ownership, maintenance or use of a motor vehicle, to insure against medical, hospital, surgical and funeral expenses incurred by or on behalf of the persons accidentally injured as a result of the ownership, maintenance or use of a motor vehicle, including the person insured, and in the case of motor vehicle liability insurance, including also an obligation of the insurer to pay disability benefits to injured persons and death benefits to dependents, beneficiaries or personal representatives of persons who are killed, irrespective of the legal liability of the insured when such insurance is issued with and supplemental to such liability insurance.

(c) (12) To insure against loss or damage to machinery, pumps, transporting, hoisting and ventilating apparatus, and equipment of mines while located underground, and loss or damage to underground passageways, gangways, airways, drifts, slopes, shafts, overcasts, and stoppings in the mines;

Provided, however, That any casualty company which is authorized to transact business in this Commonwealth shall not expose itself to any loss or hazard on any one risk authorized by this paragraph in an amount exceeding ten per centum of its capital and surplus, unless it shall be protected in excess of that amount by reinsurance.

(c) (13) To insure by means of an all-risk type of policy, commonly known as "The Personal Property Floater Policy," against all risks of loss of or damage to personal property owned by an individual other than merchandise, motor vehicles, aircraft, water-craft (excepting canoes, rowboats, sailboats less than twenty-one feet in length and outboard motor boats), or, personal property, pertaining to the business trade or profession of the insured (excepting professional books, instruments and other professional equipment owned by the insured).

(c) (14) To insure against loss or damage resulting from accident to, or injury, fatal or nonfatal, suffered by an employe for which the person insured is liable and to insure against medical, hospital, surgical and funeral expenses incurred by or on behalf of the employe accidentally injured, including the person insured.

3rd. The plan or principle on which the business is to be conducted is the joint stock plan or principle.

4th. The place in which the Company is to be established or located is 1900 Derry Street, Harrisburg, Pennsylvania, 17105.

5th. The amount of authorized capital stock of the Company is \$2,500,000 divided into 250,000 shares of the par value of \$10.00 each.

6th. The general objects of the Company are to make insurance on the Joint Stock Principle against loss as provided in Subdivision (b), Paragraphs 1 through 3 inclusive and Subdivision (c), Paragraphs 1 through 14 inclusive, Section 202 of the above-recited Act.

7th. The proposed duration of the Company is perpetual.

8th. The powers which the Company proposes to have and exercise are: To have succession as hereinbefore provided; to adopt and have a common seal; and the same to alter at pleasure; to sue and be sued; and, in general, to exercise the powers of a corporate body, and make such contracts as may be necessary to carry out the objects of casualty insurance on the plan provided for in this agreement; to purchase or lease such real estate as may be necessary for a place of business, and for the security of investments; and to adopt such by-laws as may from time to time be deemed necessary.

9th. The subscribers to these articles of agreement have chosen from their number a President, a Secretary, a Treasurer, and a Board of seven (7) Directors, who shall continue in office until the first annual meeting of the stockholders, and until their successors are duly chosen and qualified, and whose name and residences are as follows:

Name	Residence	
John Leonard Longnaker, Esq.	-- 1038 W. Areba Ave, Hershey, PA	--President
Marlin Thomas Wilbert	-- R.D. #4, Box 35, Halifax, PA	--Secretary
Wayne Elvin Keen Neidlinger	-- 4315 Englewood Ave, Hbg., PA	--Treasurer
	Directors	
John Leonard Longnaker, Esq.	-- 1038 W. Areba Ave, Hershey, PA	--Director
Marlin Thomas Wilbert	-- R.D. #4, Box 35, Halifax, PA	--Director
Wayne Elvin Keen Neidlinger	-- 4315 Englewood Ave, Hbg., PA	--Director
Daniel Donald Walters	-- 1613 Church Rd, Hershey, PA	--Director
Stephen Geoffrey McDowell	-- 519 Walnut St, Lemoyne, PA	--Director
Dennis Charles Rowe	-- 549 Cedar Ave., Hershey, PA	--Director
Kenneth Robertson Shutts, II, Esq.	-- 101 N. 32nd St., Hbg., PA	--Director

10th. It is understood and agreed that this instrument shall be executed in two exact counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall, together, constitute but one and the same instrument.

88841308

IN WITNESS WHEREOF, The subscribers to these articles of agreement have hereunto subscribed their names and places of residence, this 30th day of June, 1988.

Name

Residence

*John Leonard Longnaker* John Leonard Longnaker, Esq., 1038 W. Areba Ave, Hershey, PA

*Marlin Thomas Wilbert* Marlin Thomas Wilbert, R.D. #4, Box 35, Halifax, PA

*Wayne Elvin Keen Neidlinger* Wayne Elvin Keen Neidlinger, 4315 Englewood Ave, Hbg., PA

*Daniel Donald Walters* Daniel Donald Walters, 1613 Church Rd, Hershey, PA

*Stephen Geoffrey McDowell* Stephen Geoffrey McDowell, 519 Walnut St, Lemoyne, PA

*Dennis C. Rowe* Dennis Charles Rowe, 549 Cedar Ave., Hershey, PA

*Kenneth R. Shutts* Kenneth Robertson Shutts, II, Esq., 101 N. 32nd St., Hbg., PA

*John Ray Forney, Jr.* John Ray Forney, Jr., 449 N. 2nd St., Lykens, PA

*Charles Rand Golletz* Charles Rand Golletz, 104 Bramblewood Lane, Lewisberry, PA

*Rayallen Hoover* Rayallen Hoover, 837 Ridgewood Drive, Mechanicsburg, PA

Commonwealth of Pennsylvania,

ss:

County of Dauphin

Before me, the subscriber, a person empowered to receive acknowledgement of deeds, residing in Harrisburg, in said Commonwealth, personally came the within named John Leonard Longnaker, Esquire, Marlin Thomas Wilbert, Wayne Elvin Keen Neidlinger, Daniel Donald Walters, Stephen Geoffrey McDowell, Dennis Charles Rowe, Kenneth Robertson Shutts, II, Esquire, John Ray Forney, Jr., Charles Rand Golletz, and Rayallen Hoover, who, in due form of law, acknowledged the within instrument of writing to be their act and deed, and desire that the same may be recorded as such.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal, this 30th day of June, 1988.

(Seal)

*Cheryl K. Starnes*

CHERYL K. STARNER, NOTARY PUBLIC  
HARRISBURG, DAUPHIN COUNTY

MY COMMISSION EXPIRES JULY 11, 1991  
Member, Pennsylvania Association of Notaries

88841309

INSURANCE DEPARTMENT

Harrisburg, Pennsylvania November 3, 1988

TO the Office of General Counsel of  
The Commonwealth of Pennsylvania:

To the Attorney General of The  
Commonwealth of Pennsylvania:

The Title of the Company named in the within Articles of Agreement,  
namely, Penn National Security Insurance Company is hereby  
approved; and I do hereby certify that all of the requirements of an Act  
of the General Assembly of the Commonwealth of Pennsylvania, entitled "An  
Act relating to insurance; amending, revising and consolidating the  
law providing for the incorporation of insurance companies," etc., approved  
the seventeenth day of May, 1921, as amended, in relation to the incorpora-  
tion of insurance companies, have been complied with by the Penn  
National Security Insurance Company.



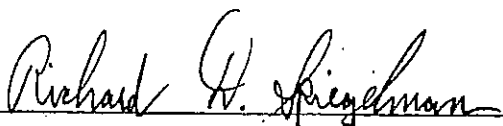
Insurance Commissioner

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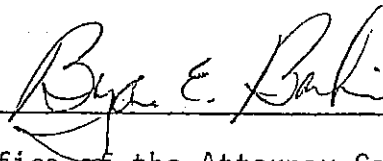
Harrisburg, Pennsylvania Nov. 22, 19 88

To His Excellency, The Governor of The  
Commonwealth of Pennsylvania:

I do hereby certify that I have examined the above and foregoing Articles  
of Agreement of Penn National Security Insurance Company  
and find this instrument to be in accordance with the provisions of an Act  
of the General Assembly of the Commonwealth of Pennsylvania, entitled "An  
Act relating to insurance; amending, revising and consolidating the law  
providing for the incorporation of insurance companies and the regulation,  
supervision and protection of home and foreign insurance companies," etc.,  
approved the seventeenth day of May, 1921, as amended, and not inconsistent  
with the Constitution of this Commonwealth of the United States, and the  
same is hereby approved.



Office of General Counsel of  
The Commonwealth of Pennsylvania



Office of the Attorney General  
of The Commonwealth  
of Pennsylvania