

STATE OF ARIZONA

JUL 31 1997

DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY ED

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4 In the Matter of the Acquisition of Control of:)
5 UNITED CONCORDIA INSURANCE)
6 COMPANY (NAIC No. 85766),)
7 Insurer,)
8 by)
9 HIGHMARK, INC.,)
10 Petitioner.)

Docket No. 97A-108-INS

ORDER

11
12 On July 25, 1997, the Office of Administrative Hearings, through Administrative Law
13 Judge Richard N. Blair, submitted "Recommended Decision of Administrative Law Judge"
14 ("Recommended Decision"), a copy of which is attached and incorporated by this reference. The
15 Director of the Arizona Department of Insurance has reviewed the Recommended Decision and enters
16 the following order:

- 17 1. The recommended findings of fact and conclusions of law are adopted.
18 2. The acquisition of control of the Insurer by the Petitioner is approved subject to
19 the express conditions as follows:
20 a. If the completed fingerprint cards furnished to the Department reveal that any of
21 Petitioner's officers or directors have been charged with or convicted of a felony or misdemeanor other
22 than minor traffic violations, the individual(s) will be removed as an officer and/or director of the
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1 Petitioner within 30 days after notice to Petitioner by the Department and will be replaced with an officer
2 or director acceptable to the Director of the Department (the "Director"). If Petitioner fails to take the
3 prescribed action within 30 days, this failure will constitute an immediate danger to the public and the
4 Director immediately may suspend or revoke Insurer's certificate of authority without further
5 proceedings.

6 b. The failure to adhere to one or more of the above terms and conditions will result
7 without further proceedings in the suspension or the revocation of the Insurer's certificate of authority.

8 3. Except as provided below, all information, documents, and copies relating to the
9 Insurer and Petitioner obtained by or disclosed to the Director, or any other person in the course of a
10 filing, an examination or investigation made pursuant to A.R.S. §§ 20-481.03 and 20-481.20, will not be
11 given confidential treatment, will be subject to subpoena and will be made public documents, subject to
12 inspection, examination or copying by any person.

13 4. The Petitioner will advise the Director in writing of the effective date of the change
14 of control.

15 5. Until further notice from the Department, the Insurer will file quarterly financial
16 statements following the effective date of the acquisition.

17 6. The biographical affidavits, fingerprint records, and the Schedule of Agreement of
18 Consolidation that Petitioner submitted to the Department remain confidential pursuant to A.R.S. § 20-
19 481.21.

20 7. Upon consummation of this acquisition, the Insurer will file its registration
21 statement in the form prescribed by A.R.S. § 20-481.10 and within the time period prescribed by A.R.S.
22 § 20-481.09 or §20-481.13. If the registration statement would duplicate the information previously
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1 submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. § 20-481.03
2 and there have been no material changes since the filing of that statement, then the Insurer will submit a
3 statement to that effect incorporating by reference the statement previously filed with the Department in
4 lieu of the registration statement.

5 NOTIFICATION OF RIGHTS

6 The aggrieved party may request a rehearing with respect to this Order by filing a written
7 petition with the Office of Administrative Hearings within 30 days of the date of this Order, setting forth
8 the basis for such relief pursuant to A.A.C. R20-6-114(B).

9 The final decision of the Director may be appealed to the Superior Court of Maricopa
10 County for judicial review pursuant to A.R.S. § 20-166. A party filing an appeal must notify the Office of
11 Administrative Hearings of the appeal within ten days after filing the complaint commencing the appeal,
12 pursuant to A.R.S. §41-1092.10.

13 DATED this 31 day of July, 1997

14
15 
16 John A. Greene
Director of Insurance

17 A copy of the foregoing mailed
18 this 31st day of July, 1997

19 Charles R. Cohen, Deputy Director
20 Mary Butterfield, Assistant Director
21 Catherine O'Neil, Assistant Director
22 Gary Torticill, Assistant Director
23 Deloris Williamson, Assistant Director
Scott Greenberg, Business Administrator
Arizona Department of Insurance
2910 N. 44th Street, Suite 210
Phoenix, AZ 85018

1 Office of Administrative Hearings
1700 W. Washington, Suite 602
2 Phoenix, AZ 85007

3 J. Michael Low
Low & Childers, P.C.
4 2999 N. 44th Street, Suite 250
Phoenix, AZ 85018

5
6 A handwritten signature in cursive script, appearing to read "Esther Davis", is written over a horizontal line.

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IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the matter of the acquisition of control of

97A-108-INS

UNITED CONCORDIA INSURANCE COMPANY (NAIC NO. 85766),

Insurer,

**RECOMMENDED DECISION
OF ADMINISTRATIVE
LAW JUDGE**

by

HIGHMARK, INC.,

Petitioner.

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HEARING: July 23, 1997

APPEARANCES: Steven R. Henry, Esq., on behalf of Highmark, Inc, Petitioner; and Kurt Regner on behalf of the Arizona Department of Insurance.

ADMINISTRATIVE LAW JUDGE: Richard N. Blair

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On July 23, 1997, a hearing took place to consider the application for the acquisition of control of United Concordia Insurance Company (the "Insurer"), filed by Highmark, Inc. (the "Petitioner") with the Arizona Department of Insurance (the "Department"), and for approval of Petitioner as the controlling person of the Insurer pursuant to the provisions of A.R.S. §§20-481 through 20-481.23, and A.A.C. R20-6-1402.

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Based upon the entire record in this matter, the following recommended Findings of Fact, Conclusions of Law and Recommended Order are made:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

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1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.02.
 2. The Petitioner has filed a statement as referred to in A.R.S. §§20-481.02 and 20-481.03, in the form required by A.A.C. R20-6-1402.

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Office of Administrative Hearings
1700 West Washington, Suite 602
Phoenix, Arizona 85007
(602) 542-9826

1 3. The Insurer and its security holder waived the ten (10) day advance notice
2 to be given as required by A.R.S. §20-481.07.

3 4. No evidence has been produced at the hearing that would indicate or form
4 the basis for a finding that the Petitioner's acquisition of control of the Insurer:

5 a. Is contrary to law;

6 b. Is inequitable to the shareholders of any domestic insurer involved;

7 c. Would substantially reduce the security of and service to be rendered to
8 the policyholders of the domestic insurer in this State or elsewhere;

9 d. After the change of control the domestic insurer would not be able to
10 satisfy the requirements for the re-issuance of a certificate of authority to write the line
11 or lines of insurance for which it is presently licensed;

12 e. The effect of the acquisition of control would be to substantially lessen
13 competition in insurance in this state or tend to create a monopoly;

14 f. The financial condition of any acquiring party might jeopardize the
15 financial stability of the Insurer or prejudice the interest of its policyholders;

16 g. The plans or proposals that the acquiring party has to liquidate the
17 Insurer, sell its assets or consolidate or merge it with any person, or to make any other
18 material change in its business or corporate structure or management, are unfair and
19 unreasonable to policyholders of the Insurer and are not in the public interest;

20 h. The competence, experience and integrity of those persons who would
21 control the operation of the Insurer are such that it would not be in the public interest of
22 policyholders of the Insurer and of the public to permit the merger or other acquisition of
23 control; or

24 i. The acquisition is likely to be hazardous or prejudicial to the insurance-
25 buying public.

26 5. The Petitioner has furnished fingerprint cards to the Department to enable
27 the Department to determine if any of Petitioner's officers or directors have been
28 charged with or convicted of a felony or misdemeanor other than minor traffic violations.
29 The Petitioner has filed biographical affidavits of its officers and directors to the
30 Department and made representations material to the issuance of the Order in this
matter that none of its officers or directors have been charged with or convicted of a
felony or misdemeanor other than minor traffic violations.

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...

1 subpoena and shall be made public documents, subject to inspection, examination or
2 copying by any person.

3 3. The Petitioner shall advise the Director in writing of the effective date of
4 the change of control.

5 4. Until further notice from the Department, the Insurer shall file quarterly
6 financial statements following the effective date of the acquisition.

7 5. The biographical affidavits, fingerprint records, and the Schedules of
8 Agreement of Consolidation that Petitioner submitted to the Department remain
9 confidential pursuant to A.R.S. §20-481.21.

10 6. Upon consummation of this acquisition, the Insurer shall file its
11 registration statement in the form prescribed by A.R.S. §20-481.10 and within the time
12 period prescribed by A.R.S. §20-481.09 or §20-481.13. If the registration statement
13 would duplicate the information previously submitted by the Petitioner in the statement
14 filed with the Department pursuant to A.R.S. §20-481.03 and there have been no
15 material changes since the filing of that statement, then the Insurer shall submit a
16 statement to that effect incorporating by reference the statement previously filed with
17 the Department in lieu of the registration statement.

18 Done this day, July 25, 1997

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Richard N. Blair
Administrative Law Judge

1 Original transmitted by mail this
2 28 day of July, 1997, to:

3 Mr. John A. Greene , Director
4 Department of Insurance
5 2910 North 44th Street, #210
6 Phoenix, AZ 85018-7256

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ATTN: Curvey Burton

By Chris Crawford Thomison