STATE OF ARIZONA FILED

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DEC 23 2005

DEPARTMENT OF INSURANCE

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In the Matter of the

(NAIC No. 89429),

(NAIC No. 66141),

Insurer,

Health Net Life Insurance Company

Petitioner.

MHN Reinsurance Company of Arizona

Merger of

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Docket No. 05A-076-INS

ORDER APPROVING MERGER

On June 9, 2005, pursuant to A.R.S. § 20-731, Health Net Life Insurance

Company ("Petitioner") submitted an application to the Arizona Department of Insurance

(the "Department") for the merger of MHN Reinsurance Company of Arizona ("Insurer")

with and into Petitioner.

Based upon reliable evidence provided to the Director of Insurance ("Director") by the Assistant Director of the Financial Affairs Division of the Department, the Director makes the following Findings of Fact, Conclusions of Law and enters the following Order:

FINDINGS OF FACT

1. Insurer is duly qualified and authorized as a life and disability reinsurer in the State of Arizona.

- 2. Petitioner is duly qualified and authorized as a life and disability insurer in the State of California.
- 3. No evidence has been produced that would indicate or form the basis for a finding that the Agreement and Plan of Merger previously filed with the Department:
 - a. Is contrary to law;
 - b. Is unfair in the terms and conditions of the exchange of securities;
- c. Would substantially reduce the security of and service to be rendered to the policyholders of the Insurer in this State or elsewhere.
- 4. Insurer has a \$100 deposit with the Insurance Examiners' Revolving Fund ("IERF").
- 5. The Department holds a statutory deposit in the amount of \$100,000 on behalf of the Insurer.
- 6. Petitioner has prepared Articles of Merger it intends to file with the Arizona Corporation Commission.

CONCLUSIONS OF LAW

- 1. The application established that none of the enumerated grounds set forth in A.R.S. § 20-731 exist so as to provide a basis for disapproval or rejection of the Agreement and Plan of Merger.
- 2. The evidence established that Petitioner has complied with the provisions of A.R.S. § 20-731 and established by credible evidence that the Agreement and Plan of Merger between Insurer and Petitioner should be approved.

<u>ORDER</u>

Petitioner may file its Articles of Merger with the Arizona Corporation
 Commission.

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- The Agreement and Plan of Merger between the Insurer and the Petitioner shall be approved.
- Petitioner shall file with the Department certified documentation obtained from the California Department of Insurance showing that agency's approval of the merger of the Insurer into Petitioner.
- 4. Insurer shall file its 2005 Annual Statement including applicable fees with the Department unless Petitioner files its Articles of Merger with the Arizona Corporation Commission on or before December 31, 2005.
- 5. Insurer shall pay its Certificate of Authority renewal fee and file its 2005 Annual Form "B" Registration Statement if the Articles of Merger are not filed on or before March 31, 2006.
- 6. Petitioner is entitled to the release of Insurer's statutory deposit in the sum of \$100,000. Insurer's statutory deposit shall be released to the Petitioner after the Department receives the following: (a) a copy of Petitioner's Articles of Merger certified as having been filed with the Arizona Corporation Commission; (b) a fully executed Form E126CD (Request for Release of Certificate of Deposit) and a Treasurer Release Receipt Form E101, and (c) payment of any outstanding invoices owing to the IERF. The Director has no personal liability for the release of such deposit so made by her in good faith as provided in A.R.S. §20-588(B).

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1	7. The sum of \$100.00 previously credited to the IERF shall be refunded to
2	the Insurer, pursuant to A.R.S. § 20-159.
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4	DATED this <u>Ad</u> day of <u>December</u> , 2005.
5	A_{i} _ A_{i}
б	CHRISTINA URIAS
7	Director Of Insurance
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10	COPY of the foregoing mailed this 23rdday of December, 2005,
11	Gerrie Marks, Deputy Director Mary Butterfield, Assistant Director
12	Catherine O'Neil, Consumer Legal Affairs Officer Steven Ferguson, Assistant Director
13	Deloris Williamson, Assistant Director
14	Leslie R. Hess, Financial Affairs Legal Analyst Kurt Regner, Chief Financial Analyst
15	Department of Insurance 2910 North 44 th Street, Suite 210
16	Phoenix, Arizona 85018
17	Roupen Berberian, V.P., C.F.O. & Treasurer Health Net Life Insurance Company
18	21281 Burbank Boulevard, B3 Woodland Hills, California 91367
19/	Margar Buston
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