

AUG 2 2006

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE

BY JAS

In the Matter of the
Acquisition of Control of
Admiral Life Insurance Company of
America (NAIC No. 71390),
Insurer,
By
State Mutual Insurance Company
(NAIC No. 69132)
Petitioner.

) Docket No. 06A-111-INS

) ORDER APPROVING
) ACQUISITION

On May 3, 2006, State Mutual Insurance Company ("Petitioner") submitted an application for the acquisition of control of Admiral Life Insurance Company of America ("Insurer") with the Arizona Department of Insurance (the "Department") for approval of Petitioner as the controlling person of the Insurer pursuant to the provisions of A.R.S. §§20-481 through 20-481.30 and A.A.C. R20-6-1402.

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:

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FINDINGS OF FACT

1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.

2. The Petitioner 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.

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

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

a. Is contrary to law;

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

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

d. After the change of control the domestic insurer, would not be able to satisfy the requirements for the reissuance of a Certificate of Authority to write the line or lines of insurance for which it is presently licensed;

e. Would have the effect of substantially lessening competition in insurance in this state, or tend to create a monopoly;

f. Might jeopardize the financial stability of the Insurer or prejudice the interest of its policyholders, based upon the financial condition of any acquiring party;

g. Is unfair and unreasonable to policyholders of the Insurer and is not in the public interest, based upon the plans or proposals that the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management;

h. Would not be in the public interest of policyholders of the Insurer and of the public to permit the merger or other acquisition of control based upon the

1 competence, experience and integrity of those persons who would control the operation
2 of the Insurer; or

3 i. Would likely be hazardous or prejudicial to the insurance-buying public.

4 5. The Petitioner furnished completed fingerprint cards to the Department to
5 enable the Department to determine if Petitioner's officers or directors have been
6 charged with or convicted of a felony or misdemeanor other than minor traffic violations.

7 The results of the analysis of the fingerprint cards submitted by the Petitioner's officers
8 and directors have not been received by the Department. The Petitioner's officers and
9 directors made representations material to the issuance of the Order in this matter that
10 none of its officers or directors have been charged with or convicted of a felony or
11 misdemeanor other than minor traffic violations.

12 6. The interests of policyholders, shareholders or the public will be served by
13 the publication of all information, documents and copies, relating to the Insurer and
14 Petitioner, and obtained by or disclosed to the Director, or any other person in the
15 course of a filing, an examination, or investigation made pursuant to A.R.S. §§20-
16 481.03, 20-481.10 and 20-481.20, except biographical affidavits and fingerprint cards of
17 Petitioner's officers and directors.

18 CONCLUSIONS OF LAW

19 1. The application established that none of the enumerated grounds set forth
20 in A.R.S. §20-481.07(A) exist so as to provide a basis for disapproval or rejection of
21 Petitioner's acquisition of control of the Insurer.

22 2. Petitioner presented credible evidence for approval of its acquisition of
23 control of the Insurer and the Petitioner to be a controlling person pursuant to the
24 provisions of A.R.S. §§20-481 through 20-481.30, and A.A.C. R20-6-1402.

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

9 5. The failure to adhere to one or more of the above terms and conditions
10 shall result without further proceedings in the suspension or revocation of the Insurer's
11 Certificate of Authority.

12 DATED this 15th day of August, 2006.

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16 CHRISTINA URIAS
17 Director Of Insurance
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19
20 COPY of the foregoing mailed
this 2nd day of August, 2006,

21 Gerrie Marks, Deputy Director
22 Mary Butterfield, Assistant Director
23 Catherine O'Neil, Consumer Legal Affairs Officer
24 Steven Ferguson, Assistant Director
25 Leslie R. Hess, Financial Affairs Legal Analyst
Kurt Regner, Chief Financial Analyst
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