

STATE OF ARIZONA  
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OCT 23 2006

DEPARTMENT OF INSURANCE

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BY

In the Matter of the  
Acquisition of Control of  
Rockford Life Insurance Company  
(NAIC No. 60008),  
Insurer,  
By  
Gerald W. Schwartz,  
Onex Corporation,  
Warrior Holding Corp., and  
Warrior Acquisition Corp.  
Petitioner.

) Docket No. 06A-202-INS

ORDER APPROVING  
ACQUISITION

On August 30, 2006, Gerald W. Schwartz, Onex Corporation, Warrior Holding Corp., and Warrior Acquisition Corp. ("Petitioner") submitted an application for the acquisition of control of Rockford Life Insurance Company ("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

1 makes the following Findings of Fact, Conclusions of Law and enters the following  
2 Order:

3 **FINDINGS OF FACT**

- 4 1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.
- 5 2. The Petitioner filed a statement as referred to in A.R.S. §§20-481.02 and  
6 20-481.03, in the form required by A.A.C. R20-6-1402.
- 7 3. The Insurer and its security holders waived the ten (10) day advance filing  
8 notice to be given as required by A.R.S. §20-481.07.
- 9 4. No evidence has been produced that would indicate or form the basis for a  
10 finding that the Petitioner's acquisition of control of the Insurer:
- 11 a. Is contrary to law;
- 12 b. Is inequitable to the shareholders of any domestic insurer involved;
- 13 c. Would substantially reduce the security of and service to be rendered to  
14 the policyholders of the domestic insurer in this State or elsewhere;
- 15 d. After the change of control the domestic insurer, would not be able to  
16 satisfy the requirements for the reissuance of a Certificate of Authority to write the line  
17 or lines of insurance for which it is presently licensed;
- 18 e. Would have the effect of substantially lessening competition in insurance  
19 in this state, or tend to create a monopoly;
- 20 f. Might jeopardize the financial stability of the Insurer or prejudice the  
21 interest of its policyholders, based upon the financial condition of any acquiring party;
- 22 g. Is unfair and unreasonable to policyholders of the Insurer and is not in the  
23 public interest, based upon the plans or proposals that the acquiring party has to  
24 liquidate the insurer, sell its assets or consolidate or merge it with any person, or to  
25 make any other material change in its business or corporate structure or management;

1 h. Would not be in the public interest of policyholders of the Insurer and of  
2 the public to permit the merger or other acquisition of control based upon the  
3 competence, experience and integrity of those persons who would control the operation  
4 of the Insurer; or

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

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

14 6. The interests of policyholders, shareholders or the public will be served by  
15 the publication of all information, documents and copies, relating to the Insurer and  
16 Petitioner, and obtained by or disclosed to the Director, or any other person in the  
17 course of a filing, an examination, or investigation made pursuant to A.R.S. §§20-  
18 481.03, 20-481.10 and 20-481.20, except the following:

19 a. Biographical affidavits and fingerprint cards of Petitioner's officers and  
20 directors;

21 b. JPMCB and Credit Suisse Commitment Letter, Term Sheet and Fee  
22 Letter, and

23 c. Gerald Schwartz's Financial Information.

24 CONCLUSIONS OF LAW

25 1. The application established that none of the enumerated grounds set forth

1 in A.R.S. §20-481.07(A) exist so as to provide a basis for disapproval or rejection of  
2 Petitioner's acquisition of control of the Insurer.

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

6 ORDER

7 THEREFORE, I, CHRISTINA URIAS, Director of Insurance of the State of  
8 Arizona, for the purpose of protecting and preserving the public health, safety and  
9 welfare, and by virtue of the authority vested in me by A.R.S. §§20-142, 20-481 through  
10 20-481.30, and A.A.C. R20-6-1402 hereby order that :

11 1. The acquisition of control of the Insurer by the Petitioner is approved,  
12 subject to the following express condition:

13 If the completed fingerprint cards furnished to the Department of Insurance  
14 reveal that Petitioner's officers or directors have been charged with or convicted of a  
15 felony or misdemeanor other than minor traffic violations, the individual(s) shall be  
16 removed as an officer and/or director of the Petitioner within 30 days after notice to  
17 Petitioner by the Department of Insurance and shall be replaced with an officer or  
18 director acceptable to the Director. If Petitioner fails to take the prescribed action within  
19 30 days, this failure will constitute an immediate danger to the public and the Director  
20 may immediately suspend or revoke Insurer's certificate of authority without further  
21 proceedings.

22 2. All information, documents and copies relating to the Insurer and  
23 Petitioner obtained by or disclosed to the Director of Insurance of the State of Arizona,  
24 or any other person in the course of a filing, an examination or investigation made  
25 pursuant to A.R.S. §§20-481.03 and 20-481.20, shall not be given confidential

1 treatment, shall be subject to subpoena and shall be made public documents, subject to  
2 inspection, examination or copying by any person, except the following:

3 a. Biographical affidavits and fingerprint cards of Petitioner's officers and  
4 directors;

5 b. JPMCB and Credit Suisse Commitment Letter, Term Sheet and Fee  
6 Letter, and

7 c. Gerald Schwartz's Financial Information.

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

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

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

21 DATED this 20<sup>th</sup> day of October, 2006.

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23 

24 CHRISTINA URIAS  
25 Director of Insurance

1 COPY of the foregoing mailed  
2 this 23rd day of October, 2006,

3 Gerrie Marks, Deputy Director  
4 Mary Butterfield, Assistant Director  
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