

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

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

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

7 a. Is contrary to law;

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

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

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

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

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

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

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

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

2
3 CONCLUSIONS OF LAW

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

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

10
11 ORDER

12 THEREFORE, I, CHRISTINA URIAS, Director of Insurance of the State of
13 Arizona, for the purpose of protecting and preserving the public health, safety and
14 welfare, and by virtue of the authority vested in me by A.R.S. §§20-142, 20-481 through
15 20-481.30, and A.A.C. R20-6-1402 hereby order that :

16 1. The acquisition of control of the Insurer by the Petitioner is approved.

17 2. Subject to A.R.S. § 20-481.21, all documents, material and other
18 information that is in the possession or control of the Department and that was obtained
19 by or disclosed to the Director or any other person in the course of filing the application
20 is confidential and privileged, is not subject to Title 39, Chapter 1, Article 2 and is not
21 subject to subpoena.

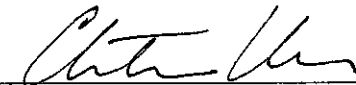
22 3. The Petitioner shall advise the Director in writing of the effective date of
23 the change of control.

24 4. Upon consummation of this acquisition, the Insurer shall file its registration
25 statement in the form prescribed by A.R.S. §20-481.10 and within the time period

1 prescribed by A.R.S. §20-481.09 or §20-481.13. If the registration statement would
2 duplicate the information previously submitted by the Petitioner in the statement filed
3 with the Department pursuant to A.R.S. §20-481.03 and there have been no material
4 changes since the filing of that statement, then the Insurer shall submit a statement to
5 that effect incorporating by reference the statement previously filed with the Department
6 in lieu of the registration statement;

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

10 DATED this 28th day of December, 2006.

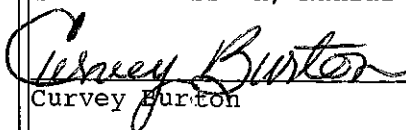


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14 CHRISTINA URIAS
15 Director Of Insurance
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18 COPY of the foregoing mailed
19 this 29th day of Dec., 2006,

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