

MAY 13 2008

DEPT. OF INSURANCE  
BY                     

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

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In the Matter of the  
Acquisition of Control of  
Hallmark Life Insurance Company  
(NAIC No. 60078),  
Insurer,  
By  
Centene Corporation  
Petitioner.

) Docket No. 08A-088-INS

ORDER APPROVING  
ACQUISITION

On April 10, 2008, Centene Corporation ("Petitioner") submitted an application for the acquisition of control of Hallmark 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 makes the following Findings of Fact, Conclusions of Law and enters the following Order:

**FINDINGS OF FACT**

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

3       2.     The Petitioner filed a statement as referred to in A.R.S. §§20-481.02 and  
4 20-481.03, in the form required by A.A.C. R20-6-1402.

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

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

9           a.     Is contrary to law;

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

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

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

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

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

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

24          h.     Would not be in the public interest of policyholders of the Insurer and of  
25 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's officers and directors made representations material to  
5 the issuance of the Order in this matter that none of its officers or directors have been  
6 charged with or convicted of a felony or misdemeanor other than minor traffic violations.

7 **CONCLUSIONS OF LAW**

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

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

14 **ORDER**

15 THEREFORE, I, CHRISTINA URIAS, Director of Insurance of the State of  
16 Arizona, for the purpose of protecting and preserving the public health, safety and  
17 welfare, and by virtue of the authority vested in me by A.R.S. §§20-142, 20-481 through  
18 20-481.30, and A.A.C. R20-6-1402 hereby order that :

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

20 2. Subject to A.R.S. §20-481.21, all documents, materials and other  
21 information that is in the possession or control of the Department and that was obtained  
22 by or disclosed to the Director or any other person in the course of filing the application  
23 is confidential and privileged, is not subject to Title 39, Chapter 1, Article 2 and is not  
24 subject to subpoena.  
25

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

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

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

14           DATED this 13<sup>th</sup> day of May, 2008.

17   
18 CHRISTINA URIAS  
19 Director Of Insurance

20 COPY of the foregoing mailed  
21 this 13th day of May, 2008,

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