

OCT 25 2017

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY MS
Docket No. 17A-085-INS

1 In the Matter of the Acquisition of Control of)
2)
3 **Proselect National Insurance Company, Inc.**)
4 **(NAIC No. 20400)**)
5)
6 **Insurer,**)
7 **By**)
8 **Clear Underwriters, LLC,**)
9)
10 **Petitioner.**)

**ORDER APPROVING
ACQUISITION**

9 On July 25, 2017, Clear Underwriters, LLC ("Petitioner") submitted an application for the
10 acquisition of control of Proselect National Insurance Company, Inc. ("Insurer") to the Arizona
11 Department of Insurance (the "Department") for approval of Petitioner as the controlling person
12 of the Insurer pursuant to the provisions of Arizona Revised Statutes (A.R.S.) §§20-481 through
13 20-481.32 and Arizona Administrative Code (A.A.C.) R20-6-1402.

14 Based upon reliable evidence provided to the Director of Insurance ("Director") by the
15 Assistant Director of the Financial Affairs Division of the Department, the Director finds as
16 follows:

FINDINGS OF FACT

- 18 1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.
- 19 2. The Petitioner filed a statement as referred to in A.R.S. §§20-481.02 and 20-
20 481.03, in the form required by A.A.C. R20-6-1402.
- 21 3. The Insurer and its security holders waived the ten (10) day advance filing notice
22 to be given as required by A.R.S. §20-481.07(D).
- 23 4. No evidence has been produced that would indicate or form the basis for a
24

1 finding that the Petitioner's acquisition of control of the Insurer:

2 a. Is contrary to law;

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

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

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

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

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

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

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

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

21 5. The Petitioner filed the following to comply with A.R.S. §§20-481.03(A)(14) and
22 20-481.03(A)(15):

23 a. An agreement that the Petitioner will file with the Director the annual enterprise
24

1 risk report pursuant to A.R.S. §20-481.10(D) while in control of the insurer; and

2 b. An acknowledgement that the Petitioner and all subsidiaries in its control in the
3 insurance holding company system will provide all information requested by the Director for the
4 Director to evaluate enterprise risk to the insurer.

5 **CONCLUSIONS OF LAW**

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

9 2. Petitioner presented credible evidence for approval of its acquisition of control of
10 the Insurer and the Petitioner to be a controlling person pursuant to the provisions of A.R.S.
11 §§20-481 through 20-481.32 and A.A.C. R20-6-1402.

12 **ORDER**

13 THEREFORE, I, LESLIE R. HESS, Interim Director of Insurance of the State of Arizona,
14 for the purpose of protecting and preserving the public health, safety and welfare, and by virtue
15 of the authority vested in me by A.R.S. §§20-142, 20-481 through 20-481.32, and A.A.C. R20-
16 6-1402 hereby order that :

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


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

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

1 4. Upon consummation of this acquisition, the Insurer shall file its registration
2 statement in the form required by A.A.C. R20-6-1403(B) and within the time period prescribed
3 by A.R.S. §20-481.13. If the registration statement would duplicate the information previously
4 submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. §20-
5 481.03 and there have been no material changes since the filing of that statement, then the
6 Insurer shall submit a statement to that effect incorporating by reference the statement
7 previously filed with the Department in lieu of the registration statement;

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

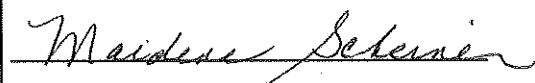
11 Effective this 24th day of October, 2017.

12
13 
14 **LESLIE R. HESS**
Interim Director of Insurance

15 COPY of the foregoing mailed/delivered
16 this 25th day of October, 2017, to:

17 Diane Karis, CPCU, AINS
18 Perr & Knight
401 Wilshire Boulevard, Suite 300
Santa Monica, California 90401

19 Mary Kosinski, Regulatory Legal Affairs Officer
20 Steven Fromholtz, Assistant Director
Kurt A. Regner, CFE, Assistant Director
21 Catherine O'Neil, Consumer Legal Affairs Officer
Arizona Department of Insurance
22 2910 N. 44th Street, Suite 210
Phoenix, Arizona 85018

23 
24