

JUL 31 2018

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY MS

Docket No. 18A-080-INS

1 In the Matter of the Acquisition of Control of)
 2)
 3 **Banner Health and Aetna Health Insurance**)
 4 **Company**)
 5 **(NAIC No. 16058),**)
 6)
 7 **Banner Health and Aetna Health Plan Inc.**)
 8 **(NAIC No. 16059), and**)
 9)
 10 **Aetna Health Inc.**)
 11 **(NAIC No. 95109)**)
 12)
 13 **Insurer,**)
 14)
 15 **By**)
 16)
 17 **CVS Health Corporation,**)
 18)
 19 **Petitioner.**)
 20)

**ORDER APPROVING
ACQUISITION**

14 On January 17, 2018, CVS Health Corporation ("Petitioner") submitted an application for
 15 the acquisition of control of Banner Health and Aetna Health Insurance Company (BHAHIC),
 16 Banner Health and Aetna Health Plan Inc. (BHAHPI), and Aetna Health Inc. (AHI) (together
 17 referred to as "Insurer") to the Arizona Department of Insurance (the "Department") for approval
 18 of Petitioner as the controlling person of the Insurer pursuant to the provisions of Arizona
 19 Revised Statutes (A.R.S.) §§20-481 through 20-481.32, Arizona Administrative Code (A.A.C.)
 20 R20-6-1402 and §20-1070.

21 Based upon reliable evidence provided to the Director of Insurance ("Director") by the
 22 Assistant Director of the Financial Affairs Division of the Department, the Director finds as
 23 follows:
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2 **FINDINGS OF FACT**

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

4 2. BHAHPI and AHI are health care services organization as referred to in A.R.S.
5 §20-1051.

6 3. The Petitioner filed a statement as referred to in A.R.S. §§20-481.02 and 20-
7 481.03, in the form required by A.A.C. R20-6-1402, and §20-1070.

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

10 5. The Petitioner has demonstrated that BHAHPI and AHI will continue to maintain
11 the requirements for a certificate of authority as required by A.R.S. §20-1070(D) subsequent to
12 the change in control.

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

15 a. Is contrary to law;

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

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

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

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

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

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

7 h. Would not be in the public interest of policyholders of BHAHIC and of the public
8 to permit the merger or other acquisition of control based upon the competence, experience
9 and integrity of those persons who would control the operation of BHAHIC; or

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

11 7. Regarding BHAHIC, the Petitioner filed the following to comply with A.R.S. §§20-
12 481.03(A)(14) and 20-481.03(A)(15):

13 a. An agreement that the Petitioner will file with the Director the annual enterprise
14 risk report pursuant to A.R.S. §20-481.10(D) while in control of BHAHIC; and

15 b. An acknowledgement that the Petitioner and all subsidiaries in its control in the
16 insurance holding company system will provide all information requested by the Director for the
17 Director to evaluate enterprise risk to BHAHIC.

18 **CONCLUSIONS OF LAW**

19 1. The application established that none of the enumerated grounds set forth in
20 A.R.S. §20-481.07(A) or §20-1070(D) exist so as to provide a basis for disapproval or rejection
21 of Petitioner's acquisition of control of the Insurer.
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1 5. The failure to adhere to one or more of the above terms and conditions shall
2 result without further proceedings in the suspension or revocation of the BHAHIC's Certificate
3 of Authority.

4 Effective this 30th day of July, 2018.

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6 
7 **KEITH A. SCHRAAD**
Interim Director of Insurance

8 COPY of the foregoing mailed/delivered
9 this 31st day of July, 2018, to:

10 Tim Farber
11 Locke Lord LLP
111 South Wacker Drive
Chicago, Illinois 60606

12 Mary Kosinski, Regulatory Legal Affairs Officer
13 Steven Fromholtz, Assistant Director
14 Kurt A. Regner, CFE, Assistant Director
15 Catherine O'Neil, Consumer Legal Affairs Officer
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