# STATE OF ARIZONA FILED

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2	DEPARTMENT OF	INSURANCE	DEPT OF INSURANCE
3	In the Matter of the Acquisition of Control of	) ) Doc	ket No. 18A-080-INS
4	Banner Health and Aetna Health Insurance	)	RECINO. TOA-000-IIVO
5	(NAIC No. 16058),	)	
6	Banner Health and Aetna Health Plan Inc. (NAIC No. 16059), and	)	
7	Aetna Health Inc.	)	
8	(NAIC No. 95109)	) )	DER APPROVING
9		,	ACQUISITION
10	Insurer,	)	
	Ву	)	
11	CVS Health Corporation,	)	
12	Petitioner.	)	
13		)	

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

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 finds as follows:

### **FINDINGS OF FACT**

- 1. BHAHIC is a domestic insurer as referred to in A.R.S. §20-481.
- 2. BHAHPI and AHI are health care services organization as referred to in A.R.S. §20-1051.
- 3. The Petitioner filed a statement as referred to in A.R.S. §§20-481.02 and 20-481.03, in the form required by A.A.C. R20-6-1402, and §20-1070.
- 4. BHAHIC and its security holders waived the ten (10) day advance filing notice to be given as required by A.R.S. §20-481.07(D).
- 5. The Petitioner has demonstrated that BHAHPI and AHI will continue to maintain the requirements for a certificate of authority as required by A.R.S. §20-1070(D) subsequent to the change in control.
- 6. No evidence has been produced that would indicate or form the basis for a finding that the Petitioner's acquisition of control of the BHAHIC:
  - a. Is contrary to law;
  - b. Is inequitable to the shareholders of any domestic insurer involved;
- c. Would substantially reduce the security of and service to be rendered to the policyholders of BHAHIC in this State or elsewhere;
- d. After the change of control, BHAHIC would not be able to satisfy the requirements for the reissuance of a Certificate of Authority to write the line or lines of insurance for which it is presently licensed;
- e. Would have the effect of substantially lessening competition in insurance in this state, or tend to create a monopoly;

- f. Might jeopardize the financial stability of BHAHIC or prejudice the interest of its policyholders, based upon the financial condition of any acquiring party;
- g. Is unfair and unreasonable to policyholders of BHAHIC and is not in the public interest, based upon the plans or proposals that the acquiring party has to liquidate BHAHIC, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management;
- h. Would not be in the public interest of policyholders of BHAHIC and of the public to permit the merger or other acquisition of control based upon the competence, experience and integrity of those persons who would control the operation of BHAHIC; or
  - i. Would likely be hazardous or prejudicial to the insurance-buying public.
- 7. Regarding BHAHIC, the Petitioner filed the following to comply with A.R.S. §§20-481.03(A)(14) and 20-481.03(A)(15):
- a. An agreement that the Petitioner will file with the Director the annual enterprise risk report pursuant to A.R.S. §20-481.10(D) while in control of BHAHIC; and
- b. An acknowledgement that the Petitioner and all subsidiaries in its control in the insurance holding company system will provide all information requested by the Director for the Director to evaluate enterprise risk to BHAHIC.

#### **CONCLUSIONS OF LAW**

 The application established that none of the enumerated grounds set forth in A.R.S. §20-481.07(A) or §20-1070(D) exist so as to provide a basis for disapproval or rejection of Petitioner's acquisition of control of the Insurer.

2. Petitioner presented credible evidence for approval of its acquisition of control of the Insurer and the Petitioner to be a controlling person pursuant to the provisions of A.R.S. §\$20-481 through 20-481.32, A.A.C. R20-6-1402, and §20-1070.

## **ORDER**

THEREFORE, I, KEITH A. SCHRAAD, Interim Director of Insurance of the State of Arizona, for the purpose of protecting and preserving the public health, safety and welfare, and by virtue of the authority vested in me by A.R.S. §§20-142, 20-481 through 20-481.32, A.A.C. R20-6-1402, and 20-1070 hereby order that:

- 1. The acquisition of control of the Insurer by the Petitioner is approved.
- 2. Subject to A.R.S. §20-481.21(A), all documents, materials and other information that is in the possession or control of the Department and that was obtained by or disclosed to the Director or any other person in the course of filing the application is confidential and privileged, is not subject to Title 39, Chapter 1, Article 2 and is not subject to subpoena.
- 3. The Petitioner shall advise the Director in writing of the effective date of the change of control.
- 4. Upon consummation of this acquisition, BHAHIC shall file its registration statement in the form required by A.A.C. R20-6-1403(B) and within the time period prescribed by A.R.S. §20-481.13. If the registration statement would duplicate the information previously submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. §20-481.03 and there have been no material changes since the filing of that statement, then BHAHIC shall submit a statement to that effect incorporating by reference the statement previously filed with the Department in lieu of the registration statement;

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 30 th day of Tuly, 2018.			
5				
6	KEITH A. SCHRAAD			
7	✓ Interim Director of Insurance			
8	COPY of the foregoing mailed/delivered this 3/15 day of 9,000000000000000000000000000000000000			
9				
10	Locke Lord LLP 111 South Wacker Drive Chicago, Illinois 60606			
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12	Mary Kosinski, Regulatory Legal Affairs Officer Steven Fromholtz, Assistant Director Kurt A. Regner, CFE, Assistant Director Catherine O'Neil, Consumer Legal Affairs Officer Arizona Department of Insurance 100 North 15 <sup>th</sup> Avenue, Suite 102 Phoenix, Arizona 85007			
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