

SEP 12 2018

STATE OF ARIZONA

DEPARTMENT OF INSURANCE BY MEK

1 In the Matter of the Acquisition of Control of)
 2)
 3 **Cigna Dental Health Plan of Arizona, Inc.**)
 4 **(NAIC No. 47013), and**)
 5)
 6 **Cigna Healthcare of Arizona, Inc.**)
 7 **(NAIC No. 95125)**)
 8)
 9 **Insurer,**)
 10)
 11 **By**)
 12 **Cigna Corporation and Halfmoon Parent, Inc.**)
 13)
 14 **Petitioner.**)
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Docket No. 18A-082-INS

**ORDER APPROVING
ACQUISITION**

On April 20, 2018, Cigna Corporation and Halfmoon Parent, Inc. ("Petitioner") submitted an application for the acquisition of control of Cigna Dental Health Plan of Arizona, Inc. (CDHPAI), and Cigna Healthcare of Arizona, Inc. (CHAI) (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. CDHPAI is a domestic insurer as referred to in A.R.S. §20-481.

1 2. CHAI is a health care services organization as referred to in A.R.S. §20-1051.

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

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

6 5. The Petitioner has demonstrated that CHAI will continue to maintain the
7 requirements for a certificate of authority as required by A.R.S. §20-1070(D) subsequent to the
8 change in control.

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

11 a. Is contrary to law;

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

13 c. Would substantially reduce the security of and service to be rendered to the
14 policyholders of CDHPAI in this State or elsewhere;

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

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

20 f. Might jeopardize the financial stability of CDHPAI or prejudice the interest of its
21 policyholders, based upon the financial condition of any acquiring party;

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

3 h. Would not be in the public interest of policyholders of CDHPAI and of the public
4 to permit the merger or other acquisition of control based upon the competence, experience
5 and integrity of those persons who would control the operation of CDHPAI; or

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

7 7. Regarding CDHPAI, the Petitioner filed the following to comply with A.R.S. §§20-
8 481.03(A)(14) and 20-481.03(A)(15):

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

11 b. An acknowledgement that the Petitioner and all subsidiaries in its control in the
12 insurance holding company system will provide all information requested by the Director for the
13 Director to evaluate enterprise risk to CDHPAI.

14 **CONCLUSIONS OF LAW**

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

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

21 **ORDER**

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

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

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

8 3. The Petitioner shall advise the Director in writing of the effective date of the
9 change of control.

10 4. Upon consummation of this acquisition, CDHPAI shall file its registration
11 statement in the form required by A.A.C. R20-6-1403(B) and within the time period prescribed
12 by A.R.S. §20-481.13. If the registration statement would duplicate the information previously
13 submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. §20-
14 481.03 and there have been no material changes since the filing of that statement, then
15 CDHPAI shall submit a statement to that effect incorporating by reference the statement
16 previously filed with the Department in lieu of the registration statement;

17 5. The failure to adhere to one or more of the above terms and conditions shall
18 result without further proceedings in the suspension or revocation of the CDHPAI's Certificate
19 of Authority.

20 Effective this 11th day of Sept, 2018.

21
22 
23 **KEITH A. SCHRAAD**
24 **Interim Director of Insurance**

1 COPY of the foregoing mailed/delivered
this 12th day of September, 2018, to:

2 J. Michael Low
3 Kutak Rock, LLP
4 8601 North Scottsdale Road, Suite 300
5 Scottsdale, Arizona 85253-2738

6 Mary Kosinski, Regulatory Legal Affairs Officer
7 Steven Fromholtz, Assistant Director
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