

1 STATE OF ARIZONA

2 DEPARTMENT OF INSURANCE

3 STATE OF ARIZONA
FILED

AUG 27 1996

4 In the Matter of the Merger of)
5 NATIONAL SECURITY AMERICAN)
6 LIFE INSURANCE COMPANY)
(NAIC #98019),)
7 Insurer,)
8 into)
9 KEYSTONE FINANCIAL LIFE)
10 INSURANCE COMPANY)
(NAIC #62391),)
11 Petitioner.)
_____)

No. 96A-101-INS

ORDER

DEPT. OF INSURANCE
BY KH

12
13 On August 22, 1996, the Office of Administrative Hearings, through Administrative Law Judge
14 Lewis D. Kowal submitted "Recommended Decision of Administrative Law Judge", a copy of which is
15 attached and incorporated by this reference. The Director of the Arizona Department of Insurance has
16 reviewed the recommendation, and enters the following order:

- 17 1. The recommended findings of fact and conclusions of law are adopted.
18 2. The Plan and Agreement of Merger between the Insurer and the Petitioner is approved.
19 3. The statutory deposit of the Insurer in the amount of \$100,000.00 shall be transferred into
20 a statutory deposit account in the name of the Petitioner upon receipt by the Department of Insurance of
21 the following: (a) payment of examination expenses, if due; (b) copies of the Articles of Merger of the
22 Insurer and the Petitioner certified as filed by the Arizona Corporation Commission; and (c) fully
23

1 executed Forms E125 (Notice of Trust Deposit Delivery) and E126 (Notice of Trust Deposit Release).
2 The statutory deposit will not be transferred until the Department receives a fully executed copy of the
3 official State Treasurer Release Receipt.

4 4. The Petitioner will promptly remit to the IERF payment for expenses incurred as a result
5 of this merger.

6 5. The sum of \$100.00 previously credited to the IERF will be refunded to the Insurer
7 pursuant to A.R.S. § 20-159.

8 6. The Insurer will file a 1996 Annual Statement with the Department, together with all
9 applicable fees, unless the Insurer files its Articles of Merger with the Arizona Corporation Commission
10 on or before December 31, 1996 and returns a file stamped copy to the Department.

11 NOTIFICATION OF RIGHTS

12 The aggrieved party may request a rehearing with respect to this Order by filing a written petition
13 with the Office of Administrative Hearings within 30 days of the date of this Order, setting forth the basis
14 for such relief pursuant to A.A.C. R20-6-114(B).

15 The final decision of the Director may be appealed to the Superior Court of Maricopa County for
16 judicial review pursuant to A.R.S. § 20-166.

17 EFFECTIVE this 27th day of August, 1996.

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20 _____
John King
Director of Insurance

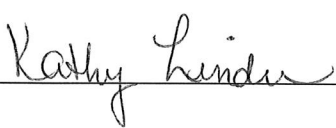
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A copy of the foregoing
mailed this 27th day of
August, 1996

Charles R. Cohen, Deputy Director
Gregory Y. Harris, Executive Assistant Director
Mary Butterfield, Assistant Director
Catherine O'Neil, Assistant Director
Gary Torticill, Assistant Director/Chief Examiner
Deloris Williamson, Assistant Director
Nancy Howse, Deputy Chief Examiner
Scott Greenberg, Business Administrator
Rose McNabb, Solvency Support Unit Supervisor
Kurt Regner, Examiner
Arizona Department of Insurance
2910 North 44th Street, Suite 210
Phoenix, AZ 85018

Office of Administrative Hearings
1700 West Washington, Suite 602
Phoenix, AZ 85007

Thomas E. Haney
1421 East Thomas Road
Phoenix, AZ 85014



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IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of the Merger of

No. 96A-101-INS

**NATIONAL SECURITY AMERICAN LIFE
INSURANCE COMPANY**
(NAIC #98019),

Insurer,

into

**KEYSTONE FINANCIAL LIFE
INSURANCE COMPANY**
(NAIC #62391),

Petitioner.

STATE OF ARIZONA
RECEIVED

AUG 26 1996

DIRECTOR'S OFFICE
INSURANCE DEPT.

**RECOMMENDED DECISION
OF ADMINISTRATIVE
LAW JUDGE**

HEARING: August 7, 1996

APPEARANCES: Thomas Haney, Esq. for the Insurer and Petitioner
Kurt Regner for the Arizona Department of Insurance

ADMINISTRATIVE LAW JUDGE: Lewis D. Kowal

Based upon the entire record in this matter, including all pleadings, motions, testimony and exhibits admitted during the hearing of this matter, Administrative Law Judge Lewis D. Kowal has prepared the following Recommended Findings of Fact, Conclusions of Law and Proposed Order for consideration by the Director:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Insurer is duly qualified and authorized as a life and disability reinsurer in the State of Arizona.
2. Petitioner is duly qualified and authorized as a life and disability reinsurer in the State of Arizona.

Office of Administrative Hearings
1700 West Washington, Suite 602
Phoenix, Arizona 85007
(602) 542-9826

- 1 3. The shareholder(s) of the Insurer and the shareholder(s) of the Petitioner have
2 waived notice of the hearing.
- 3 4. No evidence has been produced at the hearing of this matter that would indicate
4 or form the basis for a finding that the Plan and Agreement of Merger previously
5 filed:
 - 6 a. Is contrary to law.
 - 7 b. Is unfair in the terms and conditions of the issuance and exchange of
8 securities.
 - 9 c. Would substantially reduce the security of and service to be rendered to
10 policyholders of the domestic insurer in this State or elsewhere.
- 11 5. The Insurer has surrendered its Certificate of Authority to the Department.
- 12 6. Based upon the Department's review of Petitioner's filing which indicated that the
13 Petitioner has complied with the provisions of A.R.S. §20-731, the Department
14 recommended that the Director approve the Plan and Agreement of Merger filed
15 in this matter.
- 16 7. The Department may have incurred examination expenses as a result of this
17 merger.
- 18 8. The Petitioner and Insurer have requested that the \$100,000.00 statutory deposit
19 held by the State Treasurer in the name of the Insurer be transferred into a
20 statutory deposit account in the name of the Petitioner.
- 21 9. The Insurer has requested that the \$100.00 previously credited to the Insurance
22 Examiners' Revolving Fund ("IERF") be returned to the Insurer.

RECOMMENDED ORDER


The undersigned Administrative Law Judge recommends that:

- 25 1. The Plan and Agreement of Merger between the Insurer and the Petitioner be
26 approved.
- 27 2. The statutory deposit of the Insurer in the amount of \$100,000.00 shall be
28 transferred into a statutory deposit account in the name of the Petitioner upon
29 receipt by the Department of Insurance of the following: (a) payment of
30

1 examination expenses, if due; (b) copies of the Articles of Merger of the Insurer
2 and the Petitioner certified as filed by the Arizona Corporation Commission; and
3 (c) fully executed Forms E125 (Notice of Trust Deposit Delivery) and E126
4 (Notice of Trust Deposit Release). The statutory deposit not be transferred until
5 the Department receives a fully executed copy of the official State Treasurer
6 Release Receipt.


- 7 3. The Petitioner promptly remit to the IERF payment for expenses incurred as a
8 result of this merger.
- 9 4. The sum of \$100.00 previously credited to the IERF be refunded to the Insurer
10 pursuant to A.R.S. §20-159.
- 11 5. The Insurer file a 1996 Annual Statement with the Department, together with all
12 applicable fees, unless the Insurer files its Articles of Merger with the Arizona
13 Corporation Commission on or before December 31, 1996 and returns a file-
14 stamped copy to the Department.

15
16 Done this day, August 22, 1996.

17
18 
19 _____
20 LEWIS D. KOWAL
21 Administrative Law Judge

22 Original transmitted by mail to:

23 John King, Director
24 ATTN: Curvey Burton
25 Department of Insurance
26 2910 North 44th Street, #210
27 Phoenix, AZ 85018-7256

28
29 By 
30