

STATE OF ARIZONA

DCT 3 1997

DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY ED

1 In the Matter of the Acquisition of Control of:) Docket No. 97A-138-INS
 2)
 3 TEXAS STATE LIFE INSURANCE COMPANY) **ORDER**
 4 (NAIC No. 77615),)
 5)
 6 Insurer,)
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 8 by)
 9 EDINBURG INVESTMENT COMPANY,)
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11 On September 26, 1997, the Office of Administrative Hearings, through Administrative
 12 Law Judge Lewis D. Kowal, submitted "Recommended Decision of Administrative Law Judge"
 13 ("Recommended Decision"), a copy of which is attached and incorporated by this reference. The
 14 Director of the Arizona Department of Insurance has reviewed the Recommended Decision and enters
 15 the following order:

- 16 1. The recommended findings of fact and conclusions of law are adopted.
- 17 2. The acquisition of control of the Insurer by the Petitioner is approved subject to
- 18 the express conditions as follows:

- 19 a. If the completed fingerprint cards furnished to the Department reveal that any of
- 20 Petitioner's officers or directors have been charged with or convicted of a felony or misdemeanor other
- 21 than minor traffic violations, the individual(s) will be removed as an officer and/or director of the
- 22 Petitioner within 30 days after notice to Petitioner by the Department and will be replaced with an officer
- 23

1 or director acceptable to the Director. If petitioner fails to take the prescribed action within 30 days, this
2 failure will constitute an immediate danger to the public and the Director immediately may suspend or
3 revoke Insurer's certificate of authority without further proceedings.

4 3. All information, documents, and copies relating to the Insurer and Petitioner
5 obtained by or disclosed to the Director, or any other person in the course of a filing, an examination or
6 investigation made pursuant to A.R.S. §§ 20-481.03 and 20-481.20, will not be given confidential
7 treatment, will be subject to subpoena and will be made public documents, subject to inspection,
8 examination or copying by any person.

9 4. The Petitioner will advise the Director in writing of the effective date of the change
10 of control.

11 5. Until further notice from the Department, the Insurer will file quarterly financial
12 statements following the effective date of the acquisition.

13 6. The failure to adhere to one or more of the above terms and conditions will result
14 without further proceedings in the suspension or the revocation of the Insurer's certificate of authority.

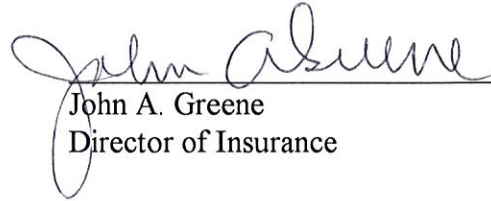
15 7. Upon consummation of this acquisition, the Insurer will file its registration
16 statement in the form prescribed by A.R.S. § 20-481.10 and within the time period prescribed by A.R.S.
17 § 20-481.09 or § 20-481.13. If the registration statement would duplicate the information previously
18 submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. § 20-481.03
19 and there have been no material changes since the filing of that statement, then the Insurer will submit a
20 statement to that effect incorporating by reference the statement previously filed with the Department in
21 lieu of the registration statement.

1 NOTIFICATION OF RIGHTS

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

5 The final decision of the Director may be appealed to the Superior Court of Maricopa
6 County for judicial review pursuant to A.R.S. § 20-166. A party filing an appeal must notify the Office of
7 Administrative Hearings of the appeal within ten days after filing the complaint commencing the appeal,
8 pursuant to A.R.S. §41-1092.10.

9 DATED this 3 day of October, 1997

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12 
13 John A. Greene
Director of Insurance

14 A copy of the foregoing mailed
15 this 3rd day of October, 1997

16 Charles R. Cohen, Deputy Director
17 Gregory Y. Harris, Executive Assistant Director
18 Mary Butterfield, Assistant Director
19 Catherine O'Neil, Assistant Director
20 Gary Torticill, Assistant Director
21 Deloris Williamson, Assistant Director
22 Scott Greenberg, Business Administrator
23 Arizona Department of Insurance
2910 N. 44th Street, Suite 210
Phoenix, AZ 85018

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

1 Philip T. Paris
2929 N. 44th Street, Suite 120
2 Phoenix, AZ 85018

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4 Esther Davis

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IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of the Acquisition of
Control of

97A-138-INS

**TEXAS STATE LIFE INSURANCE
COMPANY (NAIC No. 77615),**

**RECOMMENDED DECISION
OF ADMINISTRATIVE
LAW JUDGE**

Insurer,

by

EDINBURG INVESTMENT COMPANY,

Petitioner.

HEARING: September 19, 1997

APPEARANCE: Philip T. Paris, Esq. for the Petitioner and Kurt Regner for
the Arizona Department of Insurance

ADMINISTRATIVE LAW JUDGE: Lewis D. Kowal

On September 19, 1997, a hearing took place to consider the application for the acquisition of control of Texas State Life Insurance Company (the "Insurer") filed by Edinburg Investment Company (the "Petitioner") with the Arizona Department of Insurance (the "Department"), and for approval of Petitioner as the controlling person of the Insurer pursuant to the provisions of A.R.S. §§20-481 through 20-481.23, and A.A.C. R20-6-1402.

Based upon the record in this matter, the following recommended Findings of Fact, Conclusions of Law and Recommended Order are made:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.02.
2. The Petitioner has 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.
3. The Insurer and its security holders waived the ten (10) day advance notice to be given as required by A.R.S. §20-481.07.

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

1 No evidence has been produced at the hearing that would indicate or form the
2 basis for a finding that the Petitioner's acquisition of control of the Insurer:


- 3 a. Is contrary to law;
- 4 b. Is inequitable to the shareholders of any domestic insurer involved;
- 5 c. Would substantially reduce the security of and service to be rendered to
6 the policyholders of the Insurer in this State or elsewhere;
- 7 d. After the change of control the Insurer would not be able to satisfy the
8 requirements for the reissuance of a Certificate of Authority to write the line or lines of
9 insurance for which it is presently licensed;
- 10 e. The effect of the acquisition of control would be to substantially lessen
11 competition in insurance in this state or tend to create a monopoly;
- 12 f. The financial condition of any acquiring party might jeopardize the
13 financial stability of the Insurer or prejudice the interest of its policyholders;
- 14 g. The plans or proposals that the acquiring party has to liquidate the
15 Insurer, sell its assets or consolidate or merge it with any person, or to make any other
16 material change in its business or corporate structure or management, are unfair and
17 unreasonable to policyholders of the Insurer and are not in the public interest;
- 18 h. The competence, experience and integrity of those persons who would
19 control the operation of the Insurer are such that it would not be in the public interest of
20 policyholders of the Insurer and of the public to permit the merger or other acquisition of
21 control; or
- 22 i. The acquisition is likely to be hazardous or prejudicial to the insurance-
23 buying public.

24 5. The Petitioner has furnished completed fingerprint cards to the
25 Department to enable the Department to determine if any of Petitioner's officers or
26 directors have been charged with or convicted of a felony or misdemeanor other than
27 minor traffic violations. Petitioner has made representations material to the issuance of
28 the Order in this matter that none of its officers or directors have been charged with or
29 convicted of a felony or misdemeanor other than minor traffic violations.

30 6. The interests of policyholders, shareholders or the public will be served by
the publication of all information, documents and copies, relating to the Insurer and
Petitioner, and obtained by or disclosed to the Director, or any other person in the
course of a filing, an examination, or investigation made pursuant to A.R.S. §§20-
481.03, 20-481.10 and 20-481.20.

1 effect incorporating by reference the statement previously filed with the Department in
2 lieu of the registration statement.

3 Done this day, September 26, 1997.

4 
5 _____
6 LEWIS D. KOWAL
7 Administrative Law Judge

8 Copy mailed this 29 day of
9 September, 1997, to:

10 Mr. John A. Greene, Director
11 Department of Insurance
12 ATTN: Curvey Burton
13 2910 North 44th Street, #210
14 Phoenix, AZ 85018-7256

15 By


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