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STATE OF ARIZONA

MAR 2 3 1998

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RANCE DEPT. OF INSURANCE

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	In the Matter of the Merger of:)	Docket No. 97A-205-INS
	CAPITOL NATIONAL LIFE INSURANCE COMPANY (NAIC No. 73032),)	ORDER
	Insurer,)	
	into)	
	CAPITOL AMERICAN LIFE INSURANCE COMPANY (NAIC No. 78174),)	
	Petitioner.)))	

On March 11, 1998, the Office of Administrative Hearings, through Administrative Law Judge Lewis D. Kowal submitted a "Recommended Decision of Administrative Law Judge" ("Recommended Decision"), a copy of which is attached and incorporated by this reference. The Director of the Arizona Department of Insurance has reviewed the Recommended Decision and enters the following order:

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- 1. The recommended findings of fact and conclusions of law are adopted.
- 2. The Plan and Agreement of Merger between the Insurer and the Petitioner is approved.
- 3. The Petitioner may file its Articles of Merger with the Arizona Corporation Commission upon receipt of approval of this merger by the Ohio Department of Insurance.

NOTIFICATION OF RIGHTS

1 The aggrieved party may request a rehearing with respect to this Order by filing a written 2 petition with the Office of Administrative Hearings within 30 days of the date of this Order, setting forth 3 the basis for such relief pursuant to A.A.C. R20-6-114(B). 4 The final decision of the Director may be appealed to the Superior Court of Maricopa 5 County for judicial review pursuant to A.R.S. § 20-166. A party filing an appeal must notify the Office of 6 Administrative Hearings of the appeal within ten days after filing the complaint commencing the appeal, 7 pursuant to A.R.S. § 41-1092.10. 8 DATED this 20 day of March, 1998 9 10 11 12 13 14 A copy of the foregoing mailed this 23rd day of March, 1998 15 Charles R. Cohen, Deputy Director 16 Gregory Y. Harris, Executive Assistant Director Mary Butterfield, Assistant Director 17 Catherine O'Neil, Assistant Director Gary Torticill, Assistant Director 18 Deloris Williamson, Assistant Director Scott Greenberg, Business Administrator 19 Arizona Department of Insurance 2910 N. 44th Street, Suite 210 20

Director of Insurance

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IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of the Merger of

No. 97A-205-INS

CAPITOL NATIONAL LIFE INSURANCE COMPANY (NAIC No. 73032),

Insurer,

into

RECOMMENDED DECISION OF ADMINISTRATIVE LAW JUDGE

CAPITOL AMERICAN LIFE INSURANCE COMPANY (NAIC No. 78174),

Petitioner.

HEARING: February 24, 1998

APPEARANCES: David B. Gass, Esq. for the Petitioner; Kurt Regner for the

Arizona Department of Insurance

ADMINISTRATIVE LAW JUDGE: Lewis D. Kowal

On February 24, 1997, a hearing was held to consider the Plan and Agreement of Merger whereby Capitol National Life Insurance Company (the "Insurer"), will merge into Capitol American Life Insurance Company (the "Petitioner").

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

FINDINGS OF FACT AND CONCLUSIONS OF LAW

- 1. Insurer is duly qualified and authorized as an insurer in the State of Ohio and is not authorized as an insurer in the State of Arizona.
- 2. Petitioner is duly qualified and authorized as a life and disability insurer in the State of Arizona.
- 3. Both the Insurer and the Petitioner have waived the notice requirements of A.R.S. §20-731(C).
- 4. The shareholder(s) of the Insurer and the shareholder(s) of the Petitioner have waived notice of the hearing.
- 5. No evidence has been produced at the hearing of this matter that would indicate or form the basis for a finding that the Plan and Agreement of Merger

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29 30 previously filed with the Arizona Department of Insurance ("Department"):

a. Is contrary to law.

- b. Is unfair in the terms and conditions of the issuance and exchange of securities.
- c. Would substantially reduce the security of and service to be rendered to policyholders of the Insurer in this State or elsewhere.
- 6. Based upon the Department's review of Petitioner's filing which indicated that the Petitioner has complied with the provisions of A.R.S. §20-731, the Department recommended that the Director approve the Plan and Agreement of Merger filed in this matter.

RECOMMENDED ORDER

The undersigned Administrative Law Judge recommends that:

- 1. The Plan and Agreement of Merger between the Insurer and the Petitioner be approved .
- 2. The Petitioner may file its Articles of Merger with the Arizona Corporation Commission upon receipt of approval of this merger by the Ohio Department of Insurance.

Done this day; March 11, 1998.

LEWIS D. KOWAL Administrative Law Judge

Original transmitted by mail this _____, 1998, to:

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

By Mis Crawford Momison