

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

STATE OF ARIZONA
FILED

SEP 11 2007

DEPT OF INSURANCE
BY JKB

In the Matter of the
Merger of
Mercantile Life Insurance Company
(AZ No. 5640),
Insurer,
Into
PNC Insurance Corp.
(NAIC No. 89923),
Petitioner.

) Docket No. 07A-160-INS

ORDER APPROVING
MERGER

On July 18, 2007, pursuant to A.R.S. § 20-731, PNC Insurance Corp. ("Petitioner") submitted an application to the Arizona Department of Insurance (the "Department") for the merger of Mercantile Life Insurance Company ("Insurer") with and into Petitioner.

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 makes the following Findings of Fact, Conclusions of Law and enters the following Order:

FINDINGS OF FACT

1. Insurer is duly qualified and authorized as an unaffiliated credit life and disability reinsurer in the State of Arizona.

1 2. Petitioner is duly qualified and authorized as a life, accident and health
2 insurer in the State of Vermont.

3 3. No evidence has been produced that would indicate or form the basis for a
4 finding that the Agreement and Plan of Merger previously filed with the Department:

- 5 a. Is contrary to law;
6 b. Is unfair in the terms and conditions of the exchange of securities;
7 c. Would substantially reduce the security of and service to be rendered to
8 the policyholders of the Insurer in this State or elsewhere.

9 4. Insurer has a \$100 deposit with the Insurance Examiners' Revolving Fund
10 ("IERF").

11 5. The Department holds a statutory deposit in the amount of \$100,000 on
12 behalf of the Insurer.

13 6. Petitioner has prepared Articles of Merger it intends to file with the Arizona
14 Corporation Commission.

15 CONCLUSIONS OF LAW

16 1. The application established that none of the enumerated grounds set forth
17 in A.R.S. § 20-731 exist so as to provide a basis for disapproval or rejection of the
18 Agreement and Plan of Merger.

19 2. The evidence established that Petitioner has complied with the provisions
20 of A.R.S. § 20-731 and established by credible evidence that the Agreement and Plan
21 of Merger between Insurer and Petitioner should be approved.

22 ORDER

23 1. Petitioner may file its Articles of Merger with the Arizona Corporation
24 Commission.

1 2. The Agreement and Plan of Merger between the Insurer and the Petitioner
2 shall be approved.

3 3. Petitioner shall file with the Department certified documentation obtained
4 from the Vermont Department of Insurance showing that agency's approval of the
5 merger of the Insurer into Petitioner.

6 4. Insurer shall file its 2007 Annual Statement including applicable fees with
7 the Department unless Petitioner files its Articles of Merger with the Arizona Corporation
8 Commission on or before December 31, 2007.

9 5. Insurer shall pay its Certificate of Authority renewal fee if the Articles of
10 Merger are not filed on or before March 31, 2008.

11 6. Petitioner is entitled to the release of Insurer's statutory deposit in the sum
12 of \$100,000. Insurer's statutory deposit shall be released to the Petitioner after the
13 Department receives the following: (a) a copy of Petitioner's Articles of Merger certified
14 as having been filed with the Arizona Corporation Commission; (b) a fully executed
15 Form E126CD (Request for Release of Certificate of Deposit) and a Treasurer Release
16 Receipt Form E101, and (d) payment of any outstanding invoices owing to the IERF.
17 The Director has no personal liability for the release of such deposit so made by her in
18 good faith as provided in A.R.S. §20-588(B).

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

21 DATED this 11th day of September, 2007.

22
23 
24 _____
25 CHRISTINA URIAS
Director Of Insurance

1 COPY of the foregoing mailed
2 this 11th day of September, 2007,

3 Gerrie Marks, Deputy Director
4 Mary Butterfield, Assistant Director
5 Catherine O'Neil, Consumer Legal Affairs Officer
6 Steven Ferguson, Assistant Director
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