

STATE OF ARIZONA

DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

1	In the Matter of the Acquisition of Control of)	
2)	
3	Merit Health Insurance Company)	Docket No. 21A-022-INS
4	(NAIC No. 18750))	
5)	ORDER APPROVING
6	Insurer,)	ACQUISITION
7	By)	
8	Centene Corporation,)	
9	Petitioner.)	

10 On January 7, 2021, Centene Corporation (“Petitioner”) submitted an application for the
11 acquisition of control of Merit Health Insurance Company (“Insurer”) to the Arizona Department
12 of Insurance and Financial Institutions (the “Department”) for approval of Petitioner as the
13 controlling person of the Insurer pursuant to the provisions of Arizona Revised Statutes (A.R.S.)
14 §§20-481 through 20-481.32 and Arizona Administrative Code (A.A.C.) R20-6-1402.

15 Based upon reliable evidence provided to the Director of Insurance and Financial
16 Institutions (“Director”) by the Assistant Director of the Financial Affairs Division of the
17 Department, the Director finds as follows:

FINDINGS OF FACT

- 19 1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.
- 20 2. The Petitioner filed a statement as referred to in A.R.S. §§20-481.02 and 20-
21 481.03, in the form required by A.A.C. R20-6-1402.
- 22 3. The Insurer and its security holders waived the ten (10) day advance filing notice
23 to be given as required by A.R.S. §20-481.07(D).

1 4. No evidence has been produced that would indicate or form the basis for a
2 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 the
6 policyholders of the domestic insurer in this State or elsewhere;

7 d. After the change of control, the domestic 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. Would have the effect of substantially lessening competition in insurance in this
11 state, or tend to create a monopoly;

12 f. Might jeopardize the financial stability of the Insurer or prejudice the interest of its
13 policyholders, based upon the financial condition of any acquiring party;

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

18 h. Would not be in the public interest of policyholders of the Insurer and of the
19 public to permit the merger or other acquisition of control based upon the competence,
20 experience and integrity of those persons who would control the operation of the Insurer; or

21 i. Would likely be hazardous or prejudicial to the insurance-buying public.
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5. The Petitioner's officers and directors made representations material to the issuance of the Order in this matter that none of its officers or directors have been charged with or convicted of a felony or misdemeanor other than minor traffic violations.

6. The Petitioner filed the following to comply with A.R.S. §§20-481.03(A)(14) and 20-481.03(A)(15):

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

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

CONCLUSIONS OF LAW

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

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

ORDER

THEREFORE, I, Evan G. Daniels, Director of Insurance and Financial Institutions of the State of Arizona, for the purpose of protecting and preserving the public health, safety and welfare, and by virtue of the authority vested in me by A.R.S. §§20-142, 20-481 through 20-481.32, and A.A.C. R20-6-1402 hereby order that:

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

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

5 3. The Petitioner shall advise the Director in writing of the effective date of the
6 change of control.

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

14 5. The failure to adhere to one or more of the above terms and conditions shall
15 result without further proceedings in the suspension or revocation of the Insurer's Certificate of
16 Authority.

17 Effective this 8th day of March, 2021.

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19 _____
20 EVAN G. DANIELS, Director
21 **Arizona Department of Insurance and Financial Institutions**

22 COPY of the foregoing mailed/delivered
23 this 9th day of March, 2021, to:

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