

SEP 20 1999

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

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In the Matter of the Acquisition of Control of:)
)
ADMIRAL LIFE INSURANCE COMPANY,)
OF AMERICA (NAIC No. 71390),)
)
Insurer.)
)
by)
)
UNDERWRITERS HOLDINGS, LLC,)
)
Petitioner.)
)

Docket No. 99A-182-INS

ORDER

On September 14, 1999, the Office of Administrative Hearings, through Administrative Law Judge Lewis D. Kowal, issued a Recommended Decision of Administrative Law Judge ("Recommended Decision"), a copy of which is attached and incorporated by this reference. The Director of the Department of Insurance has reviewed the Recommended Decision and enters the following Order:

1. The recommended Findings of Fact and Conclusions of Law are adopted.
2. The acquisition of control of the Insurer by the Petitioner shall be approved

subject to the express conditions as follows:

- a. If the completed fingerprint cards furnished to the Department, including that of Russell Thomas John which has yet to be provided to the Department, reveal that any of Petitioner's officers or directors have been charged with or convicted of a felony or misdemeanor other than minor

1 traffic violations, the individual(s) shall be removed as an officer and/or director of the Petitioner and/or
2 Insurer within 30 days after notice to Petitioner by the Department and shall be replaced with an officer
3 or director acceptable to the Director.

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

9 4. The fingerprint cards, biographical affidavits, and stock purchase agreement with
10 annexes and schedules Petitioner submitted to the Department shall remain confidential pursuant to
11 A.R.S. § 20-481.21.

12 5. The Petitioner shall advise the Director in writing of the effective date of the
13 change of control.

14 6. Until further notice from the Department, the Insurer shall file quarterly financial
15 statements following the effective date of the acquisition.

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

1 Office of Administrative Hearings
1400 W. Washington, Suite 101
2 Phoenix, AZ 85007

3 Stuart M. de Haaff, Esq.
Underwriters Reinsurance Company
4 26050 Mureau Road
Calabasas, CA 91302

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6 Kathy Linder
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1 **IN THE OFFICE OF ADMINISTRATIVE HEARINGS**

2 In the Matter of the Acquisition of
3 Control of

No. 99A-182-INS

4 **ADMIRAL LIFE INSURANCE COMPANY
5 OF AMERICA (NAIC No. 71390),**

6 Insurer,

**RECOMMENDED DECISION
7 OF ADMINISTRATIVE
8 LAW JUDGE**

9 by

10 **UNDERWRITERS HOLDINGS, LLC,**

11 Petitioner.

12 **HEARING:** September 10, 1999

13 **APPEARANCES:** Stuart M. de Haaff on behalf of Petitioner; Kurt Regner on
14 behalf of the Arizona Department of Insurance

15 **ADMINISTRATIVE LAW JUDGE:** Lewis D. Kowal

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18 On September 10, 1999, a hearing took place to consider the application for the
19 acquisition of control of Admiral Life Insurance Company (the "Insurer") filed by
20 Underwriters Holdings LLC (the "Petitioner") with the Arizona Department of Insurance
21 (the "Department"), and for approval of Petitioner as the controlling person of the
22 Insurer pursuant to the provisions of A.R.S. §§20-481 through 20-481.30, and A.A.C.
23 R20-6-1402.

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

26 **FINDINGS OF FACT**

- 27 1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.02.
28 2. The Petitioner has filed a statement as referred to in A.R.S. §§20-481.02 and
29 20-481.03, in the form required by A.A.C. R20-6-1402.
30

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Phoenix, Arizona 85007
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1 3. The Insurer and its security holder(s) waived the ten (10) day advance notice to
2 be given as required by A.R.S. §20-481.07.

3 4. Petitioner and Insurer waived the notice requirements set forth in A.R.S. §41-
4 1092.05(D).

5 5. The evidence produced at the hearing established that the Petitioner's
6 acquisition of control of the Insurer:

7 a. Is not contrary to law;

8 b. Is not inequitable to the shareholders of any domestic
9 insurer involved;

10 c. Would not substantially reduce the security of and service to be
11 rendered to the policyholders of the Insurer in this State or elsewhere;

12 d. Would not substantially lessen competition in insurance in this state
13 or tend to create a monopoly; and

14 e. Is not likely to be hazardous or prejudicial to the insurance-buying
15 public.

16 6. The evidence at the hearing further demonstrated that :

17 a. After the change of control, the Insurer would be able to satisfy the
18 requirements for the reissuance of a certificate of authority to write the line or lines of
19 business for which it is presently licensed;

20 b. The financial condition of the Petitioner would not jeopardize the
21 financial stability of the Insurer or prejudice the interest of its policyholders;

22 c. The plans or proposals that the Petitioner has to liquidate the
23 Insurer, sell its assets or consolidate or merge it with any person, or to make any other
24 material change in its business or corporate structure or management, are fair and
25 reasonable to policyholders of the Insurer and are in the public interest; and

26 d. The competence, experience and integrity of those persons who
27 would control the operation of the Insurer are such that it would be in the public interest
28 of policyholders of the Insurer and of the public to permit the merger or other acquisition
29 of control;
30

1 7. The Petitioner has furnished completed fingerprint cards and biographical
2 affidavits to the Department to enable the Department to determine if any of Petitioner's
3 officers or directors have been charged with or convicted of a felony or misdemeanor
4 other than minor traffic violations. Petitioner has not yet submitted a fingerprint card for
5 Russell Thomas John but represented it would do so shortly.

6 8. The Petitioner requested that the fingerprint cards, biographical affidavits, and
7 stock purchase agreement with annexes and schedules Petitioner submitted to the
8 Department remain confidential. The Department had no objection to Petitioner's
9 request for confidentiality of those records.

10 9. Except as provided above, the interests of policyholders, shareholders or the
11 public will be served by the publication of all information and documents relating to the
12 Insurer and Petitioner, and obtained by or disclosed to the Director, or any other person
13 in the course of a filing, an examination, or investigation made pursuant to A.R.S. §§20-
14 481.03, 20-481.10 and 20-481.20.

15 10. Based upon its review of the Petitioner's Form A filing, the Department
16 represented its belief that the Petitioner's Form A filing is complete and in compliance
17 with Arizona law and recommended approval of this acquisition.
18

19 **CONCLUSIONS OF LAW**

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

23 2. Petitioner presented credible evidence for approval of its acquisition of control of
24 the Insurer and for Petitioner to be a controlling person pursuant to the provisions of
25 A.R.S. §§20-481 through 20-481.30, and A.A.C. R20-6-1402.
26

27 **RECOMMENDED ORDER**

28 1. The acquisition of control of the Insurer by the Petitioner shall be approved
29 subject to the express conditions as follows:
30

1 a. If the completed fingerprint cards furnished to the Department
2 including that of Russell Thomas John, which have yet to be provided to the
3 Department, reveal that any of Petitioner's officers or directors, have been charged with
4 or convicted of a felony or misdemeanor other than minor traffic violations, the
5 individual(s) shall be removed as an officer and/or director of the Petitioner and/or
6 Insurer within 30 days after notice to Petitioner by the Department and shall be
7 replaced with an officer or director acceptable to the Director

8 2. Except as provided below, all information and documents relating to the Insurer
9 and Petitioner obtained by or disclosed to the Director, or any other person in the
10 course of a filing, an examination or investigation made pursuant to A.R.S. §§20-481.03
11 and 20-481.20, shall not be given confidential treatment, shall be subject to subpoena
12 and shall be made public documents, subject to inspection, examination or copying by
13 any person.

14 3. The fingerprint cards, biographical affidavits, and stock purchase agreement with
15 annexes and schedules Petitioner submitted to the Department shall remain
16 confidential pursuant to A.R.S. §20-481.21.

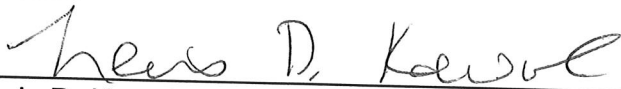
17 4. The Petitioner shall advise the Director in writing of the effective date of the
18 change of control.

19 5. Until further notice from the Department, the Insurer shall file quarterly financial
20 statements following the effective date of the acquisition

21 6. Upon consummation of this acquisition, the Insurer shall file its registration
22 statement in the form prescribed by A.R.S. §20-481.10 and within the time period
23 prescribed by A.R.S. §20-481.09 or §20-481.13. If the registration statement would
24 duplicate the information previously submitted by the Petitioner in the statement filed
25 with the Department pursuant to A.R.S. §20-481.03 and there have been no material
26 changes since the filing of that statement, then the Insurer shall submit a statement to
27 that effect incorporating by reference the statement previously filed with the Department
28 in lieu of the registration statement.
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1 7. The failure to adhere to one or more of the above terms and conditions shall
2 result without further proceedings in the suspension or the revocation of the Insurer's
3 certificate of authority.

4 Done this day, September 14, 1999

5 
6 Lewis D. Kowal
7 Administrative Law Judge

8
9 Original transmitted by mail this
10 15 day of September, 1999, to:

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13 Department of Insurance
14 Mr. Charles R. Cohen
15 2910 North 44th Street, Ste. 210
16 Phoenix, AZ 85018

17 ATTN: Curvey Burton

18
19 By Chris Crawford Thomas
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