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STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY Kath

In the Matter of the
Acquisition of Control of
PacifiCare of Arizona, Inc.
(NAIC No. 95617),
Insurer,

) Docket No. 05A-151-INS

ORDER APPROVING
ACQUISITION

By
UnitedHealth Group Incorporated,
Petitioner.

On July 8, 2005, UnitedHealth Group Incorporated ("Petitioner") submitted an application for the acquisition of control of PacifiCare of Arizona, Inc. ("Insurer") with the Arizona Department of Insurance (the "Department") for approval of Petitioner as the controlling person of the Insurer pursuant to A.R.S. §§20-1070, the applicable provisions of 20-481 through 20-481.30 and A.A.C. R20-6-1402.

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
2 1. The Insurer is a domestic health care services organization as referred to
3 in A.R.S. §20-1051.

4 2. The Petitioner has filed a statement as referred to in A.R.S. §§20-1070
5 and 20-481.03, in the form required by A.A.C. R20-6-1402.

6 3. The Insurer and its security holders waived the ten (10) day advance filing
7 notice to be given as required by A.R.S. §20-481.07.

8 4. No evidence has been produced that would indicate or form the basis for a
9 finding that the Petitioner's acquisition of control of the Insurer:

10 a. Is contrary to law;

11 b. Is inequitable to the shareholders of the Insurer involved;

12 c. Would substantially reduce the security of and service to be rendered to
13 the policyholders of the Insurer in this State or elsewhere;

14 d. After the change of control the Insurer, it would not be able to satisfy the
15 requirements for the reissuance of a Certificate of Authority to write the line or lines of
16 insurance for which it is presently licensed;

17 e. Would have the effect of substantially lessening competition in insurance
18 in this state, or tend to create a monopoly;

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

21 g. Is unfair and unreasonable to policyholders of the Insurer and is not in the
22 public interest, based upon the plans or proposals that the acquiring party has to
23 liquidate the Insurer, sell its assets or consolidate or merge it with any person, or to
24 make any other material change in its business or corporate structure or management;
25

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

5 i. Would likely be hazardous or prejudicial to the insurance-buying public.

6 5. The Petitioner has furnished completed fingerprint cards to the
7 Department to enable the Department to determine if Petitioner's officers or directors
8 have been charged with or convicted of a felony or misdemeanor other than minor traffic
9 violations. The results of the analysis of the fingerprint cards submitted by the
10 Petitioner's officers and directors have not been received by the Department. The
11 Petitioner's officers and directors have made representations material to the issuance of
12 the Order in this matter that none of its officers or directors have been charged with or
13 convicted of a felony or misdemeanor other than minor traffic violations.

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

19 a. Biographical affidavits and fingerprint cards submitted for the directors and
20 executive officers of UnitedHealth Group Incorporated and Point Acquisition LLC (filed
21 with the initial Form A filing on July 8, 2005);

22 b. Form E Pre-Acquisition Notification Form and all exhibits attached thereto
23 (filed as part of a supplemental filing on July 18, 2005);

24 c. PacifiCare of Arizona, Inc. Pro Forma Projections for the years 2006-2008
25 (filed as part of a supplemental filing on August 3, 2005);

1 d. Competitive Analysis of the proposed merger between UnitedHealth
2 Group Incorporated and PacifiCare Health Systems, Inc. and all exhibits attached
3 thereto (filed as part of a supplemental filing on August 4, 2005);

4 e. Statutory Pro Forma Statements relating to PacifiCare of Arizona, Inc.
5 subsequent to the proposed acquisition by UnitedHealth Group (filed as part of a
6 supplemental filing on August 24, 2005); and

7 f. Company and Parent Disclosure Letters (filed as part of a supplemental
8 filing on September 16, 2005).

9
10 CONCLUSIONS OF LAW

11 1. The application established that none of the enumerated grounds set forth
12 in A.R.S. §§20-1070(D) or 20-481.07(A) exist so as to provide a basis for disapproval or
13 rejection of Petitioner's acquisition of control of the Insurer.

14 2. Petitioner presented credible evidence for approval of its acquisition of
15 control of the Insurer and the Petitioner to be a controlling person pursuant to A.R.S.
16 §§20-1070, the applicable provisions of 20-481 through 20-481.30, and A.A.C. R20-6-
17 1402.

18 NOW, THEREFORE, I, CHRISTINA URIAS, Director of Insurance of the State of
19 Arizona, for the purpose of protecting and preserving the public health, safety and
20 welfare, and by virtue of the authority vested in me by A.R.S. §§20-142, 20-1070, the
21 applicable provisions of 20-481 through 20-481.30, and A.A.C. R20-6-1402 hereby
22 order:

23 ORDER

24 1. The acquisition of control of the Insurer by the Petitioner is approved,
25 subject to the express conditions as follows:

1 If the completed fingerprint cards furnished to the Department of Insurance
2 reveal that Petitioner's officers or directors have been charged with or convicted of a
3 felony or misdemeanor other than minor traffic violations, the individual(s) shall be
4 removed as an officer and/or director of the Petitioner within 30 days after notice to
5 Petitioner by the Department of Insurance and shall be replaced with an officer or
6 director acceptable to the Director. If Petitioner fails to take the prescribed action within
7 30 days, this failure will constitute an immediate danger to the public and the Director
8 may immediately suspend or revoke Insurer's certificate of authority without further
9 proceedings.

10 2. All information, documents and copies relating to the Insurer and
11 Petitioner obtained by or disclosed to the Director of Insurance of the State of Arizona,
12 or any other person in the course of a filing, an examination or investigation made
13 pursuant to A.R.S. §20-481.03, shall not be given confidential treatment, shall be
14 subject to subpoena and shall be made public documents, subject to inspection,
15 examination or copying by any person, except the following:

16 a. Biographical affidavits and fingerprint cards submitted for the directors and
17 executive officers of UnitedHealth Group Incorporated and Point Acquisition LLC (filed
18 with the initial Form A filing on July 8, 2005);

19 b. Form E Pre-Acquisition Notification Form and all exhibits attached thereto
20 (filed as part of a supplemental filing on July 18, 2005);

21 c. PacifiCare of Arizona, Inc. Pro Forma Projections for the years 2006-2008
22 (filed as part of a supplemental filing on August 3, 2005);

23 d. Competitive Analysis of the proposed merger between UnitedHealth
24 Group Incorporated and PacifiCare Health Systems, Inc. and all exhibits attached
25 thereto (filed as part of a supplemental filing on August 4, 2005);

1 e. Statutory Pro Forma Statements relating to PacifiCare of Arizona, Inc.
2 subsequent to the proposed acquisition by UnitedHealth Group (filed as part of a
3 supplemental filing on August 24, 2005); and

4 f. Company and Parent Disclosure Letters (filed as part of a supplemental
5 filing on September 16, 2005).

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

8 4. The failure to adhere to one or more of the above terms and conditions
9 shall result without further proceedings in the suspension or revocation of the Insurer's
10 Certificate of Authority.

11 DATED this 10th day of November, 2005.

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14 
15 CHRISTINA URIAS
16 Director Of Insurance
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19

20 COPY of the foregoing mailed
this 14th day of November, 2005,

21 Gerrie Marks, Deputy Director
22 Mary Butterfield, Assistant Director
23 Catherine O'Neil, Consumer Legal Affairs Officer
24 Steven Ferguson, Assistant Director
25 Deloris Williamson, Assistant Director
Leslie R. Hess, Financial Affairs Legal Analyst
Kurt Regner, Chief Financial Analyst
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5 *Kathly Lender*
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