

APR 6 2006

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY 

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4 In the Matter of the
5 Acquisition of Control of
6 Private Medical-Care of Arizona, Inc.
7 (NAIC No. 95366),
8 Insurer,
9 By
10 Private Medical-Care, Inc.
11 (NAIC No. 52566)
12 Petitioner.

) Docket No. 06A-016-INS

ORDER APPROVING
ACQUISITION

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17 On January 17, 2006, Private Medical-Care, Inc. ("Petitioner") submitted an
18 application for the acquisition of control of Private Medical-Care of Arizona, Inc.
19 ("Insurer") with the Arizona Department of Insurance (the "Department") for approval of
20 Petitioner as the controlling person of the Insurer pursuant to the provisions of A.R.S.
21 §§20-481 through 20-481.30 and A.A.C. R20-6-1402.

22 Based upon reliable evidence provided to the Director of Insurance ("Director")
23 by the Assistant Director of the Financial Affairs Division of the Department, the Director
24 makes the following Findings of Fact, Conclusions of Law and enters the following
25 Order:

1 FINDINGS OF FACT

2 1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.

3 2. The Petitioner filed a statement as referred to in A.R.S. §§20-481.02 and
4 20-481.03, in the form required by A.A.C. R20-6-1402.

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

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

9 a. Is contrary to law;

10 b. Is inequitable to the shareholders of any domestic insurer involved;

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

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

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

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

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

24 h. Would not be in the public interest of policyholders of the Insurer and of
25 the public to permit the merger or other acquisition of control based upon the

1 competence, experience and integrity of those persons who would control the operation
2 of the Insurer; or

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

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

12 6. The interests of policyholders, shareholders or the public will be served by
13 the publication of all information, documents and copies, relating to the Insurer and
14 Petitioner, and obtained by or disclosed to the Director, or any other person in the
15 course of a filing, an examination, or investigation made pursuant to A.R.S. §§20-
16 481.03, 20-481.10 and 20-481.20, except the biographical affidavits and fingerprint
17 cards of Petitioner's officers and directors.

18 CONCLUSIONS OF LAW

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

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

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ORDER

THEREFORE, I, CHRISTINA URIAS, Director of Insurance 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 20-481.30, and A.A.C. R20-6-1402 hereby order that :

1. The acquisition of control of the Insurer by the Petitioner is approved, subject to the following express condition:

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

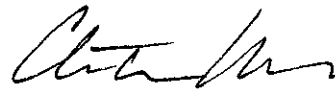
2. All information, documents and copies relating to the Insurer and Petitioner obtained by or disclosed to the Director of Insurance of the State of Arizona, or any other person in the course of a filing, an examination or investigation made pursuant to A.R.S. §§20-481.03 and 20-481.20, shall not be given confidential treatment, shall be subject to subpoena and shall be made public documents, subject to inspection, examination or copying by any person, except the biographical affidavits and fingerprint cards of Petitioner's officers and directors.

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

1 4. Upon consummation of this acquisition, the Petitioner shall file its
2 registration statement in the form prescribed by A.R.S. §20-481.10 and within the time
3 period prescribed by A.R.S. §20-481.09. If the registration statement would duplicate
4 the information previously submitted by the Petitioner in the statement filed with the
5 Department pursuant to A.R.S. §20-481.03 and there have been no material changes
6 since the filing of that statement, then the Petitioner shall submit a statement to that
7 effect incorporating by reference the statement previously filed with the Department in
8 lieu of the registration statement;

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

12 DATED this 5th day of April, 2006.

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16 CHRISTINA URIAS
17 Director Of Insurance

18 COPY of the foregoing mailed
19 this 6th day of April, 2006,

20
21 Gerrie Marks, Deputy Director
22 Mary Butterfield, Assistant Director
23 Catherine O'Neil, Consumer Legal Affairs Officer
24 Steven Ferguson, Assistant Director
25 Dean Ehler, Assistant Director
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