

JUN 20 2006

DEPT OF INSURANCE  
BY                     

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**In the Matter of the  
Acquisition of Control of  
Advance Insurance Company  
(NAIC No. 83445),  
Insurer,  
By  
WellCare Management Group, Inc.  
Petitioner.**

**Docket No. 06A-095-INS**

**ORDER APPROVING  
ACQUISITION**

On March 21, 2006, WellCare Management Group, Inc. ("Petitioner") submitted an application for the acquisition of control of Advance Insurance Company ("Insurer") with the Arizona Department of Insurance (the "Department") for approval of Petitioner as the controlling person of the Insurer pursuant to the provisions of A.R.S. §§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:

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 for the following:

- 17 a. Biographical affidavits and fingerprint cards of Petitioner's officers and  
18 directors;
- 19 b. The application filed with the Centers for Medicare and Medicaid Services;
- 20 c. Financial projections; and
- 21 d. Administrative Services Agreement with TMG Health, Inc.

22 CONCLUSIONS OF LAW

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



1 treatment, shall be subject to subpoena and shall be made public documents, subject to  
2 inspection, examination or copying by any person, except for the following:

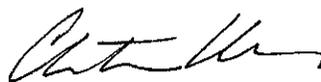
- 3 a. Biographical affidavits and fingerprint cards of Petitioner's officers and  
4 directors;
- 5 b. The application filed with the Centers for Medicare and Medicaid Services;  
6 c. Financial projections; and  
7 d. Administrative Services Agreement with TMG Health, Inc.

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

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

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

21 DATED this 19<sup>th</sup> day of June, 2006.

22  
23   
24 CHRISTINA URIAS  
25 Director Of Insurance

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

COPY of the foregoing mailed  
this 20~~th~~ day of June, 2006,

Gerrie Marks, Deputy Director  
Mary Butterfield, Assistant Director  
Catherine O'Neil, Consumer Legal Affairs Officer  
Steven Ferguson, Assistant Director  
Dean Ehler, Assistant Director  
Leslie R. Hess, Financial Affairs Legal Analyst  
Kurt Regner, Chief Financial Analyst  
Department of Insurance  
2910 North 44<sup>th</sup> Street, Suite 210  
Phoenix, Arizona 85018

Theresa M. Fitzgerald  
Sonnenschein Nath & Rosenthal, LLP  
525 Market Street, 26<sup>th</sup> Floor  
San Francisco, California 94105-2708

*Linda Light*

---