



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

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

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

7           a.     Is contrary to law;

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

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

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

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

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

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

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

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

2 5. The Petitioner furnished completed fingerprint cards to the Department to  
3 enable the Department to determine if Petitioner has been charged with or convicted of  
4 a felony or misdemeanor other than minor traffic violations. The results of the analysis  
5 of the fingerprint cards submitted by the Petitioner have not been received by the  
6 Department. The Petitioner made representations material to the issuance of the Order  
7 in this matter that he has not been charged with or convicted of a felony or  
8 misdemeanor other than minor traffic violations.

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

- 14 a. Biographical affidavit and fingerprint cards of Petitioner;  
15 b. First Amendment to the Securities Purchase Agreement dated June 30,  
16 2006;  
17 c. Management Stock Subscription Agreement dated June 30, 2006;  
18 d. Amended and Restated Management Stock Subscription Agreement  
19 dated July 18, 2006; and  
20 e. Financial Statement of Petitioner.

21 CONCLUSIONS OF LAW

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



1           4.     Upon consummation of this acquisition, the Insurer shall file its registration  
2 statement in the form prescribed by A.R.S. §20-481.10 and within the time period  
3 prescribed by A.R.S. §20-481.13. If the registration statement would duplicate the  
4 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 Insurer shall submit a statement to that effect  
7 incorporating by reference the statement previously filed with the Department in lieu of  
8 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.

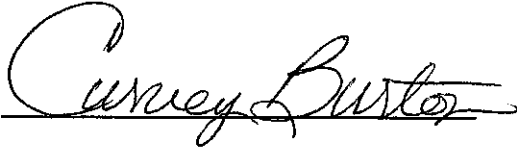
12           DATED this 13<sup>th</sup> day of September, 2006.

13  
14   
15 \_\_\_\_\_  
16 CHRISTINA URIAS  
17 Director Of Insurance

18 COPY of the foregoing mailed  
19 this 14<sup>th</sup> day of September, 2006,

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