

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

STATE OF ARIZONA  
FILED

NOV 19 2007

DEPT OF INSURANCE  
BY CB

In the Matter of the )  
Acquisition of Control of )  
Value Health Reinsurance, Inc. )  
(NAIC No. 89518), and )  
Wellington Life Insurance Company )  
(NAIC No. 85537) )  
Insurers, )  
By )  
VO Acquisition LLC, )  
Petitioner. )

Docket No. 07A-192-INS

ORDER APPROVING  
ACQUISITION

On August 3, 2007, VO Acquisition LLC ("Petitioner") submitted an application for the acquisition of control of Value Health Reinsurance, Inc. and Wellington Life Insurance Company ("Insurers") with the Arizona Department of Insurance (the "Department") for approval of Petitioner as the controlling person of the Insurers 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:

FINDINGS OF FACT

1  
2 1. The Insurers are domestic insurers 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 Insurers and their security holders waived the ten (10) day advance  
6 filing 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 Insurers:

9 a. Is contrary to law;

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

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

13 d. After the change of control the domestic insurers, 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 Insurers 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 Insurers and is not in  
21 the public interest, based upon the plans or proposals that the acquiring party has to  
22 liquidate the insurers, sell their assets or consolidate or merge them with any person, or  
23 to make any other material change in their business or corporate structure or  
24 management;

25

1 h. Would not be in the public interest of policyholders of the Insurers 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 Insurers; or

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

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

14 CONCLUSIONS OF LAW

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

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

21 ORDER

22 THEREFORE, I, CHRISTINA URIAS, Director of Insurance of the State of  
23 Arizona, for the purpose of protecting and preserving the public health, safety and  
24 welfare, and by virtue of the authority vested in me by A.R.S. §§20-142, 20-481 through  
25 20-481.30, and A.A.C. R20-6-1402 hereby order that :

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

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

12           2.     Subject to A.R.S. §20-481.21, all documents, materials and other  
13 information that is in the possession or control of the Department and that was obtained  
14 by or disclosed to the Director or any other person in the course of filing the application  
15 is confidential and privileged, is not subject to Title 39, Chapter 1, Article 2 and is not  
16 subject to subpoena.

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

19           4.     Upon consummation of this acquisition, the Insurers shall file their  
20 registration statements in the form prescribed by A.R.S. §20-481.10 and within the time  
21 ~~period prescribed by A.R.S. §20-481.13. If the registration statement would duplicate~~  
22 the information previously submitted by the Petitioner in the statement filed with the  
23 Department pursuant to A.R.S. §20-481.03 and there have been no material changes  
24 since the filing of that statement, then the Insurers shall submit statements to that effect  
25

1 incorporating by reference the statement previously filed with the Department in lieu of  
2 the registration statement;

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

6 DATED this 16<sup>th</sup> day of November, 2007.

7  
8  
9   
10 CHRISTINA URIAS  
11 Director Of Insurance

12 COPY of the foregoing mailed  
13 this 19<sup>th</sup> day of November, 2007,

14 Gerrie Marks, Deputy Director  
15 Mary Butterfield, Assistant Director  
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