

JUL 23 2009

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

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In the Matter of the
Acquisition of Control of
Old Reliance Insurance Company
(NAIC No. 67253),
Insurer,
By
David G. Elmore
Petitioner.

) Docket No. 09A-075-INS

ORDER APPROVING
ACQUISITION

On April 24, 2009, David G. Elmore ("Petitioner") submitted an application for the acquisition of control of Old Reliance 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:

FINDINGS OF FACT

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

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 a completed fingerprint card 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 card 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 it has not been charged with or convicted of a felony or misdemeanor
8 other than minor traffic violations.

9 **CONCLUSIONS OF LAW**

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

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

16 **ORDER**

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

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

23 If the completed fingerprint card furnished to the Department of Insurance
24 reveals that Petitioner has been charged with or convicted of a felony or misdemeanor
25

1 other than minor traffic violations, the Director may immediately suspend or revoke
2 Insurer's certificate of authority without further proceedings.

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

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 Insurer shall file its registration
11 statement in the form required by A.A.C. R20-6-1403.B and within the time period
12 prescribed by A.R.S. §20-481.13. If the registration statement would duplicate the
13 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 Insurer shall submit a statement to that effect
16 incorporating by reference the statement previously filed with the Department in lieu of
17 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 23rd day of July, 2009.

22
23 
24 CHRISTINA URIAS
25 Director Of Insurance

1 COPY of the foregoing mailed
2 this 23rd day of July, 2009,

3 Gerrie Marks, Deputy Director
4 Mary Butterfield, Assistant Director
5 Catherine O'Neil, Consumer Legal Affairs Officer
6 Steven Ferguson, Assistant Director
7 Leslie R. Hess, Financial Affairs Legal Analyst
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