

DEC 6 2010

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE  
BY MS

In the Matter of the Acquisition of Control of )

**Arizona Automobile Insurance Company** )  
**(NAIC No. 11805)** )

**Insurer,** )

By )

**Western National Mutual Insurance Company** )  
**(NAIC No. 15377),** )

**Petitioner.** )

Docket No. 10A-172-INS

**ORDER APPROVING  
ACQUISITION**

On October 12, 2010, Western National Mutual Insurance Company ("Petitioner") submitted an application for the acquisition of control of Arizona Automobile Insurance Company ("Insurer") to 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 finds as follows:

**FINDINGS OF FACT**

1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.
2. The Petitioner filed a statement as referred to in A.R.S. §§20-481.02 and 20-481.03, in the form required by A.A.C. R20-6-1402.

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

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

5           a.     Is contrary to law;

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

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

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

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

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

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

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

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

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

9   **CONCLUSIONS OF LAW**

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

13           2.       Petitioner presented credible evidence for approval of its acquisition of control of  
 14 the Insurer and the Petitioner to be a controlling person pursuant to the provisions of A.R.S.  
 15 §§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 Arizona, for  
 18 the purpose of protecting and preserving the public health, safety and welfare, and by virtue of  
 19 the authority vested in me by A.R.S. §§20-142, 20-481 through 20-481.30, and A.A.C. R20-6-  
 20 1402 hereby order that :

21           1.       The acquisition of control of the Insurer by the Petitioner is approved, subject to  
 22 the following express condition:  
 23

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


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

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

15          4.       Upon consummation of this acquisition, the Insurer shall file its registration  
16          statement in the form required by A.A.C. R20-6-1403.B and within the time period prescribed  
17          by A.R.S. §20-481.13. If the registration statement would duplicate the information previously  
18          submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. §20-  
19          481.03 and there have been no material changes since the filing of that statement, then the  
20          Insurer shall submit a statement to that effect incorporating by reference the statement  
21          previously filed with the Department in lieu of the registration statement;

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

Effective this 3rd day of December, 2010.

  
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CHRISTINA URIAS  
Director of Insurance

COPY of the foregoing mailed/delivered  
this 6th day of December, 2010, to:

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