

JAN 25 2016

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY MS

In the Matter of the Acquisition of Control of)
)
Avesis Insurance Incorporated)
(NAIC No. 11163))
)
Insurer,)
)
 By)
)
First Commonwealth, Inc.,)
)
Petitioner.)

Docket No. 16A-006-INS

**ORDER APPROVING
ACQUISITION**

On December 24, 2015, First Commonwealth, Inc. ("Petitioner") submitted an application for the acquisition of control of Avesis Insurance Incorporated ("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 20-481.32 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.
3. The Insurer and its security holders waived the ten (10) day advance filing notice to be given as required by A.R.S. §20-481.07(D).

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

3 a. Is contrary to law;

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

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

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

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

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

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

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

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

22 5. The Petitioner furnished completed fingerprint cards to the Department to enable
23 the Department to determine if Petitioner's officers or directors have been charged with or
24

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

7 6. The Petitioner filed the following to comply with A.R.S. §§20-481.03(A)(14) and
8 20-481.03(A)(15):

9 a. An agreement that the Petitioner will file with the Director the annual enterprise
10 risk report pursuant to A.R.S. §20-481.10(D) while in control of the insurer; and

11 b. An acknowledgement that the Petitioner and all subsidiaries in its control in the
12 insurance holding company system will provide all information requested by the Director for the
13 Director to evaluate enterprise risk to the insurer.

14 **CONCLUSIONS OF LAW**

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

18 2. Petitioner presented credible evidence for approval of its acquisition of control of
19 the Insurer and the Petitioner to be a controlling person pursuant to the provisions of A.R.S.
20 §§20-481 through 20-481.32 and A.A.C. R20-6-1402.

21 **ORDER**

22 THEREFORE, I, ANDREW M. TOBIN, Director of Insurance of the State of Arizona, for
23 the purpose of protecting and preserving the public health, safety and welfare, and by virtue of
24

1 the authority vested in me by A.R.S. §§20-142, 20-481 through 20-481.32, and A.A.C. R20-6-
2 1402 hereby order that :

3 1. The acquisition of control of the Insurer by the Petitioner is approved.

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

8 3. The Petitioner shall advise the Director in writing of the effective date of the
9 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 prescribed
12 by A.R.S. §20-481.13. If the registration statement would duplicate the information previously
13 submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. §20-
14 481.03 and there have been no material changes since the filing of that statement, then the
15 Insurer shall submit a statement to that effect incorporating by reference the statement
16 previously filed with the Department in lieu of the registration statement;

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

20 Effective this 25 day of January, 2016.

21
22 
23 **ANDREW M. TOBIN**
Director of Insurance

24

1 COPY of the foregoing mailed/delivered
this 25th day of January, 2016, to:

2 Erika N. Pont
3 McDermott Will & Emery LLP
4 500 North Capitol Street, N.W.
Washington, DC 20001

5 Darren Ellingson, Deputy Director of Insurance
6 Mary Kosinski, Executive Assistant for Regulatory Affairs
7 Consumer Affairs Division, Assistant Director
8 Kurt A. Regner, CFE, Assistant Director
9 Catherine O'Neil, Consumer Legal Affairs Officer
10 Arizona Department of Insurance
2910 N. 44th Street, Suite 210
11 Phoenix, Arizona 85018

12
13
14
15
16
17
18
19
20
21
22
23
24
Mardene Scheinin