

AUG 21 2018

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY meLK

1 In the Matter of the Merger of)
 2)
 3 **Western Heritage Insurance Company**)
 4 **(NAIC No. 37150)**)
 5 **Insurer,**)
 6)
 7 Into)
 8 **Scottsdale Insurance Company**)
 9 **(NAIC No. 41297),**)
 10 **Petitioner.**)

Docket No. 18A-079-INS

ORDER APPROVING MERGER

11 On July 11, 2018, pursuant to A.R.S. § 20-731, Scottsdale Insurance Company
 12 ("Petitioner") submitted an application to the Arizona Department of Insurance ("Department")
 13 for the merger of Western Heritage Insurance Company ("Insurer") with and into Petitioner.

14 Based upon reliable evidence provided to the Director of Insurance by the Assistant
 15 Director of the Financial Affairs Division of the Department, the Director finds as follows:

FINDINGS OF FACT

17 1. Insurer is duly qualified and authorized as a property and casualty insurer in the
 18 State of Arizona.

19 2. Petitioner is duly qualified and authorized as a property and casualty insurer in
 20 the State of Ohio.

21 3. No evidence has been produced that would indicate or form the basis for a
 22 finding that the Plan and Agreement of Merger previously filed with the Department:

23 a. Is contrary to law;

- b. Is unfair in the terms and conditions of the exchange of securities;
- c. Would substantially reduce the security of and service rendered to the policyholders of the Insurer in this State or elsewhere.

4. Insurer has a \$100.00 deposit with the Insurance Examiners' Revolving Fund ("IERF").

5. The Department holds a \$2,575,000 statutory deposit on behalf of the Insurer.

6. Petitioner has prepared a Statement of Merger that it intends to file with the Arizona Corporation Commission ("ACC").

CONCLUSIONS OF LAW

1. The application established that none of the enumerated grounds set forth in A.R.S. § 20-731 exist so as to provide a basis for disapproval or rejection of the Plan and Agreement of Merger.

2. The evidence established that Petitioner has complied with the provisions of A.R.S. § 20-731 and established by credible evidence that the Plan and Agreement of Merger between Insurer and Petitioner should be approved.

ORDER

1. The Plan and Agreement of Merger between Insurer and Petitioner is approved.
2. Petitioner may file its Statement of Merger with the ACC.
3. Insurer shall file its 2018 Annual Statement including applicable fees with the Department unless Petitioner files its Statement of Merger with the ACC on or before December 31, 2018.

1 4. Insurer shall pay its Certificate of Authority renewal fee to the Department and file
2 its 2018 Annual Form "B" Registration Statement with the Department unless Petitioner files its
3 Statement of Merger with the ACC on or before March 31, 2019.

4 5. The Department shall release the \$2,575,000 statutory deposit of the Insurer to
5 the Petitioner after the Department receives the following: (a) an ACC certified copy of
6 Petitioner's ACC filed Statement of Merger, and (b) payment of any outstanding IERF invoices.
7 The Director has no personal liability for the release of such deposit so made by him in good
8 faith as provided in A.R.S. §20-588(B).

9 6. The Department shall refund to the Insurer the \$100.00 that was previously
10 credited to the IERF, pursuant to A.R.S. § 20-159.

11 Effective this 21st day of August, 2018.

12
13 
14 **KEITH A. SCHRAAD**
Interim Director of Insurance

15 COPY of the foregoing mailed/delivered
16 this 21st day of August, 2018, to:

17 Karen L. Mintz
18 Nationwide
19 One Nationwide Plaza
20 Columbus, Ohio 43215-2220

21 Mary Kosinski, Regulatory Legal Affairs Officer
22 Steven Fromholtz, Assistant Director
23 Kurt Regner, CFE, Assistant Director
24 Catherine O'Neil, Consumer Legal Affairs Officer
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